

**27th Annual Report
2016-2017**

*Innovating & Marching ahead
with Biologicals*



TRANSGENE
BIOTEK LIMITED
INNOVATING. FOR LIFE



BOARD OF DIRECTORS

| | |
|----------------------------|---------------------------------|
| Dr. K. Koteswara Rao | Chairman & Managing Director |
| Dr. Puranik Sarang Subhash | Director |
| Mr Shyam Shankar Das | Director |
| Mrs. Sujana Kadium | Director |

Registered Office

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

Factory

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

Auditors

M/s. Gopal & Rajan
G4, Sterling Majestic Apts.,
Walker's Town,
Padmarao Nagar,
Secunderabad - 500 025.

Bankers

Union Bank of India

Jubilee Hills Branch,
Hyderabad.

Share Transfer Agents

M/s Bigshare Services Pvt. Ltd.

306, 3rd Floor, Right Wing,
Amrutha Vide, Bhavan Road,
Somajiguda, Hyderabad - 500 082.

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NOTICE

Notice is hereby given that the Twenty seventh (27th) Annual General Meeting of the Members of M/s. TRANSGESNE BIOTEK LIMITED will be held on Friday, the 29th September, 2017 at 11.00 Hours at the Board Room Hall (1st Floor) of Hotel a Lounge, (above Laxmi Hyundai show room) Madinaguda, Miyapur, Hyderabad (Tel No: 040-65553456 or 65453456), Sangareddy District, Telangana State, to transact the following business.

ORDINARY BUSINESS:

1. ADOPTION OF AUDITED ACCOUNTS AND REPORTS

To receive, consider and adopt the Balance Sheet as at 31st March, 2017 including the audited Balance Sheet as at March 31, 2017, the Profit and Loss Account for the year ended as on that date, Directors' Report and Auditors' Report thereon.

2. RE-APPOINTMENT OF DIRECTOR

To appoint a Director in place of Dr Puranik Sarang Subhash who retires by rotation and being eligible offers himself for re-appointment.

3. APPOINTMENT OF AUDITORS

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

“RESOLVED THAT pursuant to Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with rules made thereunder (including any statutory modification (s) or re-enactment (s) thereof, for the time being in force), the Company hereby appointing M/s. Lakshmi & Associates, Chartered Accountants as Statutory Auditors of the Company from the conclusion of this 27th Annual General Meeting until the conclusion of the 28th Annual General Meeting of the Company to be held in the year 2018 to examine and audit the accounts of the Company at such remuneration to be fixed by the Board of Directors in consultation with the Auditors.”

SPECIAL BUSINESS

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

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



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

Because of several pending issues remaining unresolved from the earlier period requiring constant inputs from Dr. K. Koteswara Rao for initiating and taking appropriate actions as deemed necessary in a timely manner apart from several ongoing regulatory and commercial developments, the Board of Directors recommend that it is important to maintain continuity of the top management of company at this critical juncture, hence the Board recommends that Dr. K. Koteswara Rao, who is well past the age of 70 years, continues to function as Managing Director of the company for another 1 (one) year.

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

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, and all other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to such permissions, consents and approvals from various authorities as may be required and subject to such conditions, if any, that may be imposed by any authority while granting their permissions, consents and approvals, the approval of shareholders of the Company be and is hereby accorded for re-appointment of Dr. K. Koteswara Rao (DIN: 02287235) as Chairman & Managing Director of the Company for a period of 1 (one) year without any remuneration and on the such terms and conditions set out below in the explanatory statement annexed hereto which shall be deemed to form part hereof.

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

5. ASSIGNMENT OF LICENSE TO OLYMPUS BIOSOLUTIONS FOR MARKETING OF ORAL PROTEIN DELIVERY PLATFORM.

Olympus Biosolutions (or such name as may be given) will be remunerated Solely upon successful closing of a Licensing/Sale/Investment/Transaction related to our Oral Protein Delivery Platform.

Explanation

Our project on Oral delivery of Insulin (amongst other proteins and peptides) has been in the making for more than 10 years at Transgene. However, although the company has been scientifically successfully in the development of this platform technology, insufficient progress has been made towards commercialization of this product. At this juncture, with the technology sufficient poised for 3rd Party review for potential Out-Licensing/Sale/Investment, we believe that Olympus BioSolutions is an ideal partner to help us forge ahead with our goal to Out-License/Sell/Partner this Game-changing technology. Olympus is an organization that consists of individuals who possess decades of experience, knowledge

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and know-how in the transaction advisory and investment banking space. The Management believes that their expertise and networks will provide a much-needed boost in our search for a technology Partner. Any remuneration/fees to be paid to Olympus will only be accrued from successful consummation of a transaction. Success fees to be paid to Olympus could range upto 25% depending on the costs involved in the transaction, and the eventual transaction itself. It should be declared that Mr Laxmidhar Rao, son of Managing Director Dr K Koteswara Rao, an MBA from Oxford University, UK, and an ex-investment banker from the City of London is a partner in Olympus and will play role in these Partnering activities and efforts from Olympus.

As Mr. K. Laxmidhar is the son of Dr. K. Koteswara Rao, Chairman and Managing Director of the company, in this regard it is considered and, if thought fit to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to applicable provisions of the Companies Act, 2013 and the provisions of Clause 49 VII of the Listing Agreement (including any statutory modification(s) or re-enactment thereof, for the time being in force, approval/ratification of the shareholders be and is hereby accorded to the Company for entering into a transaction and agreement with Olympus Biosolutions wherein Mr. Laxmidhar K. being a 'Related Party' as defined under Section 2 (76) of the Companies Act, 2013 and Clause 49 VII of the Listing Agreement, pursuant to an Agreement to be entered into by Transgene Biotek Ltd with Olympus Biosolutions wherein for undertaking, organizing and concluding a Technology Out-Licensing deal and agreement with a third party with a payable remuneration not exceeding 25% of the amount received by Transgene Biotek Ltd from the in-licensing third party.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do or cause to be done all such acts, deeds and things, settle any queries, difficulties, doubts that may arise with regard to any transactions with the related party and in-licensing third party, make such changes to the terms and conditions as may be considered necessary, expedient or desirable and execute such addendum agreements, documents and writings and to make such filings as may be necessary or desirable, in order to give effect to this Resolution as may be deemed necessary in the best interest of the Company."

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

Sd/-

Dr. K. KOTESWARA RAO
CHAIRMAN & MANAGING DIRECTOR

PLACE: HYDERABAD
DATE: 14.08.2017



NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES TO BE EFFECTIVE SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The relevant details of the directors seeking appointment under Item Nos 2 as required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into with the Stock Exchange are annexed.3. Register of members and share transfer books of the company will remain closed from 27-09-2017 to 29-09-2017 (both days inclusive). Members / Proxies should bring the attendance slips duly filled in and signed for attending the meeting.
3. Members, who are holding shares in the identical order of names in more than one folio, are requested to write to the Company to enable it to consolidate their holding in one folio.
4. As per the provisions of the Companies Act, 2013, facility for making nomination is available for Members of the Company in respect of shares held by them. The members, who wish to nominate a person, *may furnish the required details to the Company in prescribed form.*
5. The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses. In respect of electronic holdings, with the Depository through their concerned Depository Participants and members who hold shares in physical form are requested to register the same with our RTA, Bigshare Services Pvt Ltd, 306, Right Wing, Amruta Ville, Opp Yashoda Hospital, Raj Bhavan Road, Somajiguda, Hyderabad 500082.

6. VOTING THROUGH ELECTRONIC MEANS

In compliance with the provisions of the Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 108 of the Companies Act, 2013 and the Rule 20 of the Companies (Management and Administration) Rules, 2014, the company is pleased to provide members facility to exercise their votes for all the resolutions detailed in the Notice of the 27th Annual Report of the company and the business may be transacted through e-voting. The company has engaged the services of Central Depository Services Limited (CDSL) as the authorized agency to provide the e-voting facility.

The instructions for shareholders voting electronically are as under:

Mr. M V R Murthy, Membership No.F8522 and CP No. 9552, Practicing Company Secretary is appointed as scrutinizer to conduct E-voting.

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STEPS FOR E-VOTING

7. The voting period begins on 26th September, 2017 at 9.00 a.m. and ends on 28th September, 2017 at 5.00 P.M. During this period shareholders' of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22nd September, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
8. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the company as on 22nd September, 2017
9. The shareholders should log on to the e-voting website www.evotingindia.com.

Click on Shareholders.

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

For Members holding shares in Demat Form and Physical Form

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



- (vii) After entering these details appropriately, click on “SUBMIT” tab.
- (viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN No (**170906010**) for the relevant **TRANSGENE BIOTEK LIMITED** on which you choose to vote.
- (xi) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on “Click here to print option on the Voting page.”
- (xvi) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Note for Non-Individual Shareholders & Custodians:
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporates and Custodians respectively.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xviii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

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

(i)

| | |
|--|---------------------------|
| Name of Director | Mr Sarang Subhash Puranik |
| Date of Birth | 30/07/1979 |
| Date of Appointment | 31/12/2014 |
| Qualification | Ph. D |
| Expertise Microbiology, Immunology & Nanobioscience | |
| Other directorship | None |
| Chairman/Members of the Committee in other Companies | None |
| No of shares held in the Company | None |

(ii)

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

(iii)

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

BY ORDER OF THE BOARD

Date : 14-08-2017
Place: Hyderabad

Sd/-
DR K KOTESWARA RAO
CHAIRMAN & MANAGING DIRECTOR

**DIRECTORS REPORT**

Dear Shareholders

Your Directors submit to you the 27th Annual Report on the business & operations of the Company and Audited Statement of Accounts for the year ended 31st March, 2017 along with the Auditor's Report thereon.

Financial Results

(Rs. In Lakhs)

| Particulars | 2016-2017 | 2015- 2016 |
|--|------------------|-------------------|
| Total Income | 76.30 | 34.98 |
| Operational, Administration and other expenses | 284.18 | 131.28 |
| Gross Operating Profit | (207.88) | (96.29) |
| Interest and Financial Charges | 7.23 | 7.31 |
| Forex Gain/Loss | 0.00 | 0.00 |
| Depreciation | 1752.71 | 2050.23 |
| Profit before Tax/Loss | (1967.83) | (2153.84) |
| Provision for Tax | 0.00 | 0.00 |
| Net Profit/Loss | (1967.83) | (2153.84) |

OPERATIONS

The total turnover of the company for the year ended 31st March, 2017 amounted to Rs. 76.30 Lakhs as against Rs. 34.98 Lakhs in the previous year. The company incurred a net Loss of Rs. 1967.83 Lakhs for the year as against a loss of Rs. 2153.84 Lakhs in the previous year. As can be noticed, the management started the exercise to revise books of accounts and has written off certain accounts after following the standard accounting policies of India and in consultation with the auditors.

AUDITORS' COMMENTS

The subsidiary of the company Transgene Biotek HK Ltd has not been operating for the entire year as was the case last year too, with no auditors being appointed hence no audit report has been received by the management. Therefore, the auditors are unable to express opinion on this.

GDR ISSUE

One of the major hurdles faced by the company during the last 5-6 years is the adverse impact as a result of GDR fraud perpetrated. As a consequence to that GDR episode, an ad interim order was passed by SEBI on 20 November 2014 which was subsequently reconfirmed on March 9, 2016. The management filed appeals at SAT on behalf of all the named persons in the SEBI order. SAT in their order dated 17th August 2017 presided over by the Hon'ble Justice J. P. Devadhar has disposed off the appeals pronouncing **“Accordingly, without going into the merits, we dispose of these appeals by directing SEBI to complete the investigation by December, 2017 and if deemed fit issue show-cause notice by 31st December, 2017. Before issuing the show-**

cause notice, SEBI shall consider all the documents already furnished by the appellants and also take into consideration the investigations carried out by other authorities like the authorities under the Prevention of Money Laundering Act and Enforcement Directorate, as they deem fit. It is made clear that if SEBI fails to issue show-cause notice by 31st December, 2017, then the ex-parte ad-interim order/confirmatory order shall come to an end from 1st January, 2018, without any reference to this Tribunal.” Since our appeals to SAT centered around requesting SEBI to take cognizance of the evidence and facts extracted from various agencies such as Enforcement Directorate, opinion expressed by the forensic expert on the forgery of signatures etc the management feels optimistic about the final outcome of the whole GDR episode that created an adverse and severe impact on the functioning of the company. We continue our efforts rigorously in various forums in several countries as mentioned earlier in pursuit of those perpetrators of the fraud and continue our efforts relentlessly for recovery of the lost funds through possible legal channels.

CESTAT CASE

Our appeals to the Customs, Excise and Service Tax Appellate Tribunal in the years 2002 and 2003 against the orders passed by the Commissioner of Customs Chennai and Hyderabad relating to an amount of Rs. 59.37 lakh on account of non-fulfillment of export obligation have been disposed and file closed. The order as on 25th May 2017 reads **”On perusal of records, it is seen that the matter is stayed by the Hon’ble High Court of Madras. Both sides have not been able to submit when the matters are likely to be disposed by the Hon’ble High Court.”** **”Both sides are at liberty to file application before the Tribunal to reopen the matter as and when the case is disposed by the Hon’ble High Court or in case of any change of circumstance.”**

SALE OF UNUSED ASSETS SUPERFLUOUS TO THE NEEDS OF THE COMPANY

As reported at the last AGM there was intense pressure from Union Bank of India to clear the outstanding dues owing to the bank failing which the company’s assets were in danger of being auctioned. However, with active help from the bank, the management was successful in concluding a deal on 1st July 2017 to sell 5614 Sq, yds out of total land area of 15,711 Sq, yds along with a part of the building and other unused equipment which were superfluous to the needs of the company. The total sale consideration was Rs. 3 Cr out of which an amount of Rs. 2,52,15,000 was paid to Union Bank towards full and final settlement under OTS scheme and the remaining amount being set aside utilization towards working capital requirements. Subsequent to the payment, a NO DUES certificate was received from the bank.

Review and results of operations

The management is pleased to bring to the notice of our shareholders that the assignment given to us by a large multinational company to deliver a peptide for reducing blood sugar by oral route using our own technology platform has been formulated and delivered to the party. The product is currently under the study at the client’s site and we expect to get the outcome of those studies in the coming days. This is in addition to the ongoing R & D work on oral delivery of Insulin at our own labs.

Unfortunately, our DHA has not yielded expected results and it is extremely disappointing on the sales front. The management continues to explore the opportunities for a successful marketing of this product. It is realized that one of the main reasons for its failure is absence of a marketing



team within the company due to fund crunch and the management is looking at different options to address the said hurdle in the coming days.

On a different note the management received various enquiries for supply of Tacrolimus, a product we developed earlier. However, the demand for supply of this product is to meet the quality standards of US FDA and European Pharmacopoeia guidelines for Tacrolimus as API. We have therefore started the work and feels confident in improving the quality of our API to meet those US and EU standards.

The operations of the company, although continue to be adversely effected by lack of financial support because of the continuing SEBI order on the Directors and promoters of the company, have got some relief from the sale of some of the unused assets which are superfluous to the needs of the company. The funds raised therefrom have been utilized to clear the total outstanding debt owing to Union Bank of India and remaining funds are being utilized to advance the projects.

On the GDR front, the management has been relentlessly pursuing the case at various forums including Singapore, Hong Kong, Switzerland and United Kingdom apart from India itself. Voluminous and crucial evidence has been collected during the current year that is seen to be of considerable help in our efforts to recover lost funds.

ONCOLOGY

Although our Oncology division has attracted the attention of some major companies, it has not advanced much due to lack of much needed funds to present the additional data sought by the clients. We hope to reopen the dialogue after generating the data asked for.

Intellectual property and patents: Our patents have been advancing on the expected lines reaching national level stages in several major countries such as India, USA, Europe, Japan etc involving additional costs in filing.

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

Employee: The management has been judicious in maintaining optimal strength of the employees commensurate with the requirement for its operations at scientific and administrative departments in order that continuity is maintained without any interruption to the ongoing operations.

DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

STRATEGIC FOCUS AND FUTURE ORIENTATION:

The adverse impact of the continuing SEBI order on the board of Directors and promoters of the company continues to be a challenging position in so far as the planned execution of various projects is concerned. As discussed and approved at the last AGM, the management managed to

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avoid a serious and critical challenge posed by Union Bank of India through a strategic sale of some of the assets superfluous to the needs of the company. This sale has opened a window in not only overcoming the serious challenge presented by the said bank but also provided a much needed window to refocus on some of the projects stalled due to lack of funds.

The management continues to explore further opportunities that will help in advancing the novel and innovative technologies being adversely impacted hitherto due to lack of supporting funds. The management realizes that only through such strategic focus and future orientation the goals set by the management earlier are to be realized.

COLLECTING INFORMATION AND ESTABLISHING STRATEGIC RELATIONSHIPS

The management is of the view that a company such as Transgene with primary focus on innovation is critically dependent upon factors such as timely fund infusion, connectivity of information from various sources and connectivity with other companies to advance its own product development and commercialization.

The management also firmly believes that a critical factor in drawing up strategic path and achieving the chosen path is to establish a relationship with its stakeholders. It is such a relationship that will allow the management in not only moving ahead with its set goals but more importantly, in overcoming the challenges that most companies face more so, in companies such as Transgene. That belief is abundantly obvious in our case time and again and, the management is grateful for providing such a backbone by all the stakeholders. One of the major hurdles faced by the company during the last 5-6 years is the adverse impact as a result of GDR fraud perpetrated.

Subsidiary Company - Transgene Biotek HK Limited

There are no activities undertaken at the subsidiary during the year 2015-16. The management feels that there is no purpose served in continuing with the subsidiary considering the costs involved in maintaining the company without any need.

Therefore, in view of all operations being shut down more than three years ago with no activities of any sort, the management has not found it relevant to have this subsidiary audited.

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION

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



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

DEMATERIALISATION OF SHARES

86.17% of the company's paid up Equity Share Capital is in dematerialized form as on 31st March, 2017 and balance 13.83 % is in physical form. The Company's Registrars are M/s. Big Share Services Pvt Ltd, 306, Right Wing, 3rd Floor, Amrutha Ville, Opp. Yashoda Hospital, Raj Bhavan Rd, Somajiguda, Hyderabad, Telangana-500 082.

Number of Board Meetings held

The Board of Directors duly met 6 (Six) times during the financial year from 1st April, 2016 to 31st March 2017 the details of which are furnished in the report on Corporate Governance.

Board evaluation

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

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

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

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

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

Appointment of Independent Directors

As was the case last year too, company is having only one Independent Director although it is supposed to have at least two Independent Directors. Keeping in view of the SEBI's directive on GDR issues no one is showing interest to join the Company as Independent Directors. However, the Management of the Company is constantly trying to bring in another Independent Director.

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DIRECTORS RESPONSIBILITY STATEMENT:

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

- a) In the preparation of the annual accounts for the year ended 31st March, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for the same period;
- c) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) They have prepared the annual accounts on a going concern basis;
- e) They have laid down internal financial controls in the company that are adequate and were operating effectively.
- f) They have devised proper systems to ensure compliance with the provisions of all applicable laws and these are adequate and are operating effectively.

Deposits from public

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

RISK MANAGEMENT POLICY OF THE COMPANY

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

CORPORATE SOCIAL RESPONSIBILITY

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

Policy on directors' appointment and remuneration and other details

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

Internal financial control systems and their adequacy

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



Auditors' report and Secretarial auditors' report:

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

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

- (A) The operations of the company are not power intensive nevertheless the company continues its efforts to minimize energy wherever practicable by economizing on the use of power at the offices
- (B) Technology absorption NIL
- (C) Foreign exchange earning 13200 USD (Rs. 8,66,411)
- (D) Foreign exchange outflow NIL

RELATED PARTY TRANSACTIONS

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

EXTRACT OF ANNUAL RETURN

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

Particulars of loans, guarantees and investments

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

ACKNOWLEDGEMENT

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

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

BY ORDER OF THE BOARD
For **TRANSGENE BIOTEK LIMITED**

Sd/-

DR K KOTESWARA RAO
CHAIRMAN & MANAGING DIRECTOR

Date : 14-08-2017
Place: Hyderabad

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“Annexure – A”

Form AOC-1

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

Statement containing salient features of the financial statement of subsidiaries

Part “A”: Subsidiaries

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

The subsidiary Transgene Biotek HK Ltd has stopped all activities and its accounts have not been audited since 2014-15. As a result, the following information is a follow-up of its activities as those of the year 2014-15 only. Since the earlier Directors and management of Transgene Biotek HK Ltd are under the investigation by the Hong Kong and Singapore police on receipt of complaint from the management of the parent company, no further information is provided for the current year 2016-17.

| S.No | Particulars | Details |
|------|---|-----------------------------------|
| 1 | Name of the subsidiary | Transgene Biotek HK Ltd |
| 2 | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | 1st April 2016 to 31st March 2017 |
| 3 | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | USD 1 USD = Rs.64.8386 |
| 4 | Share capital | US\$16,952,001 |
| 5 | Reserves & surplus | (US\$21069) |
| 6 | Total assets | US\$16,948,303 |
| 7 | Total Liabilities | US\$17371 |
| 8 | Investments | Nil |
| 9 | Turnover | Nil |
| 10 | Profit before taxation | 0 |
| 11 | Provision for taxation | 0 |
| 12 | Profit after taxation | 0 |
| 13 | Proposed Dividend | 0 |
| 14 | % of shareholding | 100 |

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

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



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The biotechnology sector of India is highly innovative and is on a strong growth trajectory. The sector, with its immense growth potential, will continue to play a significant role as an innovative manufacturing hub. The sector is one of the most significant sectors in enhancing India’s global profile as well as contributing to the growth of the economy.

India is among the top 12 biotech destinations in the world and ranks third in the Asia-Pacific region. India has the second-highest number of US Food and Drug Administration (USFDA)–approved plants, after the USA and is the largest producer of recombinant Hepatitis B vaccine. Out of the top 10 biotech companies in India (by revenue), seven have expertise in biopharmaceuticals and three nauthoriz in agri-biotech.

India has no dearth of talent in biotechnology, as a number of institutions, both government and autonomous, provide the necessary opportunities for the students seeking to obtain a degree in this sector. The Government of India has provided adequate scope to this sector by providing facilities for Research and Development (R&D) in the field of biotechnology.

Market size

The Indian biotech industry holds about 2 per cent share of the global biotech industry. The biotechnology industry in India, comprising about 800 companies, is valued at US\$ 11 billion and is growing at a Compound Annual Growth Rate (CAGR) of 20 per cent. The government has to invest US\$ 5 billion to develop human capital, infrastructure and research initiatives if it is to realize the dream of growing the sector into a US\$ 100 billion industry by 2025, as per Union Minister for Science and Technology Dr Harsh Vardhan.

Biopharma is the largest sector contributing about 64 per cent of the total revenue followed by bioservices (18 per cent), bio-agri (14 per cent), bio-industry (3 per cent), and bioinformatics contributing (1 per cent). The high demand for different biotech products has also opened up scope for the foreign companies to set up base in India. India has emerged as a leading destination for clinical trials, contract research and manufacturing activities owing to the growth in the bioservices sector.

Opportunities and challenges

The Government of India has taken several initiatives to improve the biotechnology sector in the country as well as offer enough scope for research in this field. The Department of Biotechnology (DBT) along with other government funded institutions such as National Biotechnology Board (NBTB) and many other autonomous bodies representing the biotechnology sector, are working together in order to project India as a global hub for biotech research and business excellence.

The National Science and Technology Policy of the Government and the Vision Statement on Biotechnology issued by the Department of Biotechnology have directed notable interventions in the public and private sectors to foster life sciences and biotechnology. There has been substantial progress in terms of support for R&D, human resource generation and infrastructure development over the past decade. With the introduction of the product patent regime it is imperative to achieve higher levels of innovation in order to be globally competitive. The challenge now is to join the global biotech league.

CORPORATE GOVERNANCE REPORT**1. COMPANY’S PHILOSOPHY ON CORPORATE GOVERNANCE**

The Company is continuously making efforts for improving the Corporate Governance practices in the company which can contribute substantially in achieving good governance and thus resulting in enhancement of value to its stakeholders, customers, employees, Banks, Government Agencies, etc.

2. BOARD OF DIRECTORS

The constitution of the Board is given below:

| Name of the Director | Status | No. of other public Directorships (*) | No. of Board Committee position held in other Public Limited Companies |
|---------------------------|------------------------------|---------------------------------------|--|
| Dr.K. Koteswara Rao | Chairman & Managing Director | 0 | Nil |
| Mr.Sarang Subhash Puranik | Director | Nil | Nil |
| Mr.Shyam Shankar Das | Director | Nil | Nil |
| Ms. Sujana Kadium | Director | 1 | 1 |

(*) This excludes Directorships in Indian Private Limited Companies, membership of Managing Committees of various Chambers/bodies.

3. AUDIT COMMITTEE

An Audit Committee of the Company was constituted. The said committee comprises of three directors Dr K Koteswara Rao, Mr. Sarang Puranik Subhash and Ms. Sujana Kadium.

TERMS OF REFERENCE

The terms of reference of the Audit Committee include:

- To review the internal control systems
- To review Quarterly and Half-yearly results
- To review the accounting and financial policies and practices
- To review reports furnished by the internal and statutory auditors, and ensure that suitable follow-up action is taken.

During the financial year ended 31st March 2017 four meetings of the Committee were held on 30th May 2016, 13th August 2016, 2nd September 2016, 15th March 2017. The attendance of each member of the Committee is given below:



| NAME OF THE DIRECTOR | NO. OF MEETINGS ATTENDED |
|----------------------|--------------------------|
| Dr K Koteswara Rao | 4 |
| Mr Sarang Puranik | 4 |
| Ms. Sujana Kadium | 3 |

4. SHARE TRANSFER COMMITTEE

The Stakeholders Relationship Committee comprising Dr K Koteswara Rao and Ms.Sujana Kadium, have been assigned the work of redressal of investors/ Shareholders complaints along with approval of share transfer, sub-division/ consolidation of shares, etc. The Committee oversees the performance of Registrar and Share Transfer Agents and recommends measures for overall improvement of the quality of investor services. The Share Transfers / Transmissions approved by the committee are placed at the Board Meeting from time to time.

COMPLIANCE OFFICER

Dr K Koteswara Rao, was the Compliance Officer of the company for the year 2016-17 and continues to be the compliance officer for the FY 2017-18 too.

5. REMUNERATION OF DIRECTORS

The details of remuneration paid to Directors are given below:

| Name of the Director | Relationship with other Directors | Sitting Fee (Rs.) | Salary & Perks (Rs.) | Total (Rs.) |
|---------------------------|-----------------------------------|-------------------|----------------------|-------------|
| Dr K Koteswara Rao | None | 0 | 0 | 0 |
| Dr K Koteswara Rao | None | 0 | 0 | 0 |
| Mr.Sarang Subhash Puranik | None | 0 | 1,080,000/- | 1,080,000/- |
| Mr.Shyam Shankar Das | None | 0 | 1,800,000/- | 1,800,000/- |
| Ms. Sujana Kadium | None | 20,000/- | 0/- | 20,000/- |
| Total | | 20,000/- | 2,880,000/- | 2,900,000/- |

6. BOARD MEETINGS AND ATTENDANCE AT BOARD MEETINGS, ANNUAL GENERAL MEETINGS

The Board of Directors of the company met 5 (Five) times during the last financial year i.e., on 30th May 2016, 13th August 2016, 2nd September 2016, 14th November 2016, 15th March 2017. The company placed before the Board the annual operating plans and budgets and performance of the company from time to time. Information, which is materially important were placed before the Board Meeting as and when the same takes place

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The attendance at the Board Meeting and Annual General Meetings was as under:

| NAME OF THE DIRECTOR | ATTENDANCE AT BOARD MEETINGS | ATTENDANCE AT ANNUAL GENERAL MEETING |
|----------------------|------------------------------|--------------------------------------|
| Dr K Koteswara Rao | 5 | YES |
| Mr.Sarang Puranik | 5 | YES |
| Mr.Shyam Shankar Das | 5 | YES |
| Ms. Sujana Kadium | 4 | YES |

7. DISCLOSURES

Disclosures on materially significant related party transactions i.e., transactions of the Company of material nature, with its Promoters, the directors or the Management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of the company at large.

During the year, there were no transactions of material nature with the Directors or the Management or the subsidiaries or relatives that had potential conflict with the interests of the company.

8. MEANS OF COMMUNICATION

The company publishes its quarterly results in the Regional vernacular News Paper (Andhra Prabha) and National Newspaper (Business Standard).

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

9. AUDITORS CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

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

**SHAREHOLDERS' INFORMATION**

| | | |
|---|--|--|
| A | Registered Office | Plot No. 68 , 69, & 70, Anrich Industrial Area IDA Bollaram, Medak District. A.P. |
| B | Annual General Meeting Date & Time Venue | at the Board Room Hall (1st Floor) of Hotel Lounge, (above Laxmi Hyundai show room) Madinaguda, Miyapur, Hyderabad (Tel No: 040-65553456 or 65453456), Sangareddy District, T.S. |
| C | Financial Calendar | |
| | Financial Reporting for | |
| | Quarter ending June 30, 2016 | Third week of August 2016 |
| | Quarter ending September, 30 2016 | Third week of November 2016 |
| | Quarter ending December, 31 2016 | Third week of February 2017 |
| | Quarter ending March 31, 2017 | Fourth week of May 2017 |
| | Annual General meeting for FY ended 31st March 2017 | 29th September 2017 |
| D | Date of Book Closure | From 27-09-2017 to 29-09-2017 |
| E | Dividend Payment Date | Not Applicable |
| F | Listing on Stock Exchange | Bombay Stock Exchange Limited P J Towers, Dalal Street Mumbai – 400 001. |
| G | Stock Code | 526139 |
| H | Stock Market Data | The Company's shares are regularly traded on The Bombay Stock Exchange Limited. The 52 week high low has been Rs.3.79 and Rs.1.55 respectively. |
| I | Registrar and Share Transfer Agents | M/S Bigshare Services Pvt. Ltd. 306, 3rd Floor, Right Wing, Amrutha Ville, Bhavan Road Somajiguda, Hyderabad – 500082 |
| J | Share Transfer System | Generally the shares have been transferred and returned in 30 days from the date of receipt, so long as the documents have been clear in all respects. |
| K | Stakeholders Relationship Committee | The Stakeholders Relationship Committee generally meets once in a fortnight. |
| L | Investor Relations | The Company has been maintaining good investor relations. |

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M) Distribution of shareholding as on 31st March 2017

| Share Holder or Debenture Holding of nominal Value of | | Share Holder or Debenture Holding of nominal Value of | | Share / Debenture Amount | |
|---|-----------|---|----------------|--------------------------|----------------|
| Rs. (1) | Rs. | Number (2) | % of Total (3) | Number (4) | % of Total (5) |
| Upto | - 5000 | 6915 | 60.71 | 12496520 | 1.65 |
| 5001 | - 10000 | 1389 | 12.19 | 12222980 | 1.61 |
| 10001 | - 20000 | 965 | 8.47 | 15851360 | 2.09 |
| 20001 | - 30000 | 459 | 4.03 | 12085660 | 1.59 |
| 30001 | - 40000 | 223 | 1.96 | 8187110 | 1.08 |
| 40001 | - 50000 | 327 | 2.88 | 15746610 | 2.08 |
| 50001 | - 100000 | 483 | 4.25 | 37471210 | 4.95 |
| 100001 | and above | 629 | 5.51 | 643638550 | 84.95 |
| TOTAL | | 11390 | 100.00% | 75770000 | 100% |

| | | |
|---|---|---|
| N | Dematerialisation of shares and liquidity | As on 31st March, 2017 out of the total shareholding of 7,57,70,000 equity shares. 6,53,45,086 equity shares representing 86.24% of equity shares are in dematerialised form. |
|---|---|---|

O Particulars of Past Three AGMs

| AGM | Year | Venue | Date | Time |
|------|------|--|---------------------|------------|
| 26th | 2016 | Plot No. 68 , 69, & 70 Anrich Industrial Area IDA Bollaram, Medak District. A.P. | 30th September 2016 | 11.00 A.M. |
| 25th | 2015 | Plot No. 68 , 69, & 70 Anrich Industrial Area IDA Bollaram, Medak District. A.P. | 30th September 2015 | 3.30 P.M. |
| 24th | 2014 | Plot No. 68 , 69, & 70 Anrich Industrial Area IDA Bollaram, Medak District. A.P. | 31st December 2014 | 11.00 A.M. |

| | | |
|---|---------------------|--|
| P | Postal Ballot | No resolution requiring a postal ballot under Section 192 A of the Companies Act, 1956 was placed before the last AGM nor is being proposed to be passed at the ensuing AGM. |
| Q | Nomination Facility | Shareholders, holding shares in physical form and desirous of making/changing a nomination in respect of their shareholding in the company as permitted under Section 109A of the Companies Act 1956 are requested to submit to the Compliance Officer in the prescribed form 2B for this purpose, which can be furnished by the company on request. |



R) SHAREHOLDING PATTERN FOR THE QUARTER ENDED: 31.03.2017

| Sl. No | Category | No. of Shares held | Percentage Of Shareholding |
|----------|--|--------------------|----------------------------|
| A | Promoter's Holding | | |
| 1 | Promoters Indian Promoters: Foreign Promoters: | 16427902 NIL | 21.68% NIL |
| 2 | Persons acting in concert | | |
| | Sub-Total | 16427902 | 21.68% |
| B | Public Share Holding – Institutions | | |
| 3 | Institutional investors / Venture Capital Funds | NIL | NIL |
| A | Mutual Funds and UTI(Govt. Financial Institutions) | NIL | NIL |
| B | Banking, Financial Institutions/Insurance Companies(Central/ State Government Institutions/ Non-Government Institutions) | NIL | NIL |
| C | Foreign Institutional Investor | NIL | NIL |
| | Sub-Total | 0 | 0 |
| | Public Share Holding – Non-Institutions | | |
| 4 | Others | | |
| a. | Private corporate Bodies | 2360410 | 3.11% |
| b. | Indian Public | 49913995 | 65.88 |
| c. | NRIs/OCBs | 580915 | 0.77% |
| d. | Any other (Clearing Member) | 216128 | 0.29% |
| e. | GDR | 6270000 | 8.28 |
| F | Trusts | 650 | 0.00 |
| | Sub-Total | 59342098 | 78.32 |
| | Grand Total | 75770000 | 100.00 % |

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

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

T) **REGISTERED OFFICE**

Plot No. 68 , 69, & 70
Anrich Industrial Area IDA Bollaram,
Sangareddy District. TS

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

TRANSGENE BIOTEK LIMITED

Plot No. 68 , 69, & 70
Anrich Industrial Area IDA Bollaram,
Sangareddy District. TS



MANAGEMENT RESPONSIBILITY STATEMENT

1. We have reviewed the financial statements and the cash flow statement for the year ended 31st March 2017 and to the best of our knowledge and belief;
 - a. These statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
 - b. These statements present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. To the best of our knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal control. We have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the audit committee, deficiencies in the design or the operation of internal controls, if any, of which we are aware and the steps that we have taken or propose to take and rectify the identified deficiencies and,
4. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls. These financial statements have been audited by M/s. Gopal & Rajan, Chartered Accountants, Hyderabad, the Statutory Auditors of the Company.

By the Order of the Board
For TRANSGENE BIOTEK LIMITED

Sd/-

Dr. K. KOTESWARA RAO

CHAIRMAN & MANAGING DIRECTOR

PLACE: HYDERABAD

DATE: 14.08.2017

CODE OF CONDUCT DECLARATION

Pursuant to 15(2) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 entered into with the stock exchange, I hereby declare that all the Board members and senior management personnel of the company have affirmed compliance with the code of conduct for the year ended March 31, 2017.

By the Order of the Board
For TRANSGENE BIOTEK LIMITED

Sd/-

Dr. K. KOTESWARA RAO

CHAIRMAN & MANAGING DIRECTOR

PLACE: HYDERABAD

DATE: 14.08.2017

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

To
The Members of
TRANSGENE BIOTEK LIMITED

We have examined the compliance with conditions of Corporate Governance of M/s. TRANSGENE Biotek Limited, for the year ended March 31, 2017, as stipulated in Clause 15(2) of SEBI (Listing Obligations and Disclosures Requirements with stock exchanges.

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

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

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

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

For GOPAL & RAJAN
CHARTERED ACCOUNTANTS
FRN 000953S

Sd/-
K. Goutham Subbaiah
Partner
Membership No:203237

Place Hyderabad
Date: 14-08-2017



**Form MR-3
SECRETARIAL AUDIT REPORT**

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

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2017

To
The Members,
M/s. Transgene Biotek Limited
CIN : L85195TG1990PLC011065
Hyderabad.

1. We have conducted Secretarial Audit pursuant to Section 204 of the Companies Act 2013, on the compliance of applicable Statutory Provisions and the adherence to good corporate practices by M/s. Transgene Biotek Limited (hereinafter called as “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.
2. The company is engaged in the Research & Development of Innovative Molecules and Technologies and possesses a unit for pilot scale / commercial production of Active Pharmaceutical Ingredients (APIs) and different products.
3. Based on our verification of the books, papers, minutes books, forms, returns filed and other records maintained by the Company and also the information and according to the examinations carried out by us and explanations furnished and representations made to us by the company, its officers, agents and representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has during the Audit Period covering the Financial Year ended 31st March, 2017 not complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.
4. We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Transgene Biotek Limited (hereinafter called as “the Company”) for the financial year from 1st April 2016 and ended with 31st March, 2017 (“Audit Period”) according to the provisions of :
 - i) The Companies Act, 1956 (to the extent applicable) and the Companies Act, 2013 (the Act) and the Rules made there under;
 - ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) AND THE Rules made there under;
 - iii) The Depositories Act, 1996 and the Regulations and bye-laws framed there under;
 - iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and external Commercial Borrowings;

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- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme) Guidelines 1999.
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
 - f) The Securities and Exchange Board of India (Registrars to an issue and share transfer agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h) The Securities and Exchange Board of India (buyback of Securities) Regulations, 1998;

SEBI has passed an interim order during November, 2014 following its internal investigation on the Promoters and Directors of the Company inter alia refraining the Company from issuing / dealing with any securities. The Company has appealed against the same order.

The same interim order has been reconfirmed in March 2016 after the personal hearing by the Whole Time Director, Sri Rajeev Agarwal.

During this period the Company has sought and received opinion from the Ex-Joint Director, Forensic Section of AP Police Department stating that the Letters of Instruction submitted to the bank were indeed forged. Based on the newly evident opinion from forensic expert, an appeal was made to the Securities Appellate Tribunal (SAT) with a plea to stay the operation and effect of the Impugned Order pending disposal of the Appeal.

Apart from the actions taken by the management at SAT, an FIR was initially filed at the local police station of the company but the said PS has closed the complaint after more than one year stating that due to their limited resources and knowledge in investigating such matters hence unable to investigate the matter further.

The company has been pursuing the case in all countries where the fraud appeared to have been perpetrated. The management has reported the matter to the Police in Singapore and Hong Kong apart from filing a complaint to Financial and Banking Regulatory Authority in Switzerland. These actions are in addition to e filing a fresh FIR in IDA Bollaram and Sangareddy PS. The management



has been providing the relevant information and documents to the investigating agencies in pursuit of extracting facts and to identify the trail of laundered funds from the accounts of Transgene Biotek and its subsidiary.

In addition to the above actions undertaken, the management has been following up with the services of an experienced and highly reputed legal firm in Britain for the recovery of funds from all the concerned entities that helped in siphoning out the funds from the account of Transgene Biotek at Investec Bank, Zurich, Standard Chartered Bank, Singapore and from the Lead manager of the GDR issue Fundabilis GmbH.

- i) The following other laws as specifically applicable in the view of the Management.
 - (i) Income Tax act, 1961
 - (ii) Central Sales Tax Act, 1956
 - (iii) Telangana & Andhra Pradesh Value Added Tax
 - (iv) The payment of bonus Act, 1965
 - (v) Telangana & Andhra Pradesh Tax on Professions, Trades, Callings and Employments Act, 1987
 - (vi) Customs Act, 1962
 - (vii) Finance Act, 1994 (Service Tax)
 - (viii) Factories Act, 1948
 - (ix) Industrial Disputes Act, 1947
 - (x) Minimum Wages Act, 1948
 - (xi) The Payment of Gratuity Act, 1972
 - (xii) The Payment of Wages Act, 1936
 - (xiii) The Maternity Benefit Act, 1961
 - (xiv) A.P Shops & Establishment Act, 1988
 - (xv) The National and Festival Holidays Act, 1963
 - (xvi) The Employees Provident fund and Miscellaneous provisions act, 1952
 - (xvii) The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1956.
5. We have also examined compliance of the applicable Clauses of the Listing Agreements entered into by the Company with the BSE Limited.
6. We further report that, during the period under review the Company has not complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. Mentioned below.
 - (i) SEBI (ICDR) Regulations, 2009 are not applicable, as there being no further issues of any securities.
 - (ii) SEBI (ESOS & ESOP) Guidelines, 1999 are not applicable, as there being no schemes of the Company under the said Guidelines.

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- (iii) SEBI (Issue and Listing of Debt Securities) Regulations, 2008 are not applicable as there being no debt securities, which are listed on any of the recognized stock exchange.
- (iv) SEBI (Delisting of Equity Shares) Regulations, 2009 are not applicable, as there being not instances of delisting of equity Shares except de-recognition of Delhi Stock Exchange by the SEBI.
- (v) SEBI (Buyback of Securities) Regulations, 1998 are not applicable, as there being no instances of buy-back of shares.
- (vi) The Ministry of Corporate Affairs has not notified applicable Secretarial Standards under the Companies Act 2013, therefore, the same was not considered in the Audit.
- (vii) The compliance of other specific applicable laws as listed in 4 (V) (i) above were relied on the basis of representations and compliance certificates issued by the Managing director compliance officers and other officials of respective / concerned Departments of the company.

7. We further report that:

- a. The Board of Directors of the Company is not duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Company is yet to appoint another Independent Director. The management of the Company has explained that, in spite of its best efforts, no one is willing to join the Company as Independent Director keeping in view the SEBI Investigation on GDR issue and matters incidental to that. However, the management assured that they will keep their efforts constantly to appoint an Independent Director at the earliest.
 - b. Adequate Notice is given to all the Directors to Schedule the Board Meetings, agenda and detailed notes on agenda were sent at least 7 days in advance.
 - c. There exists a system for seeking and obtaining further information and clarifications on the agenda items before the meeting and meaningful participation at the meeting.
 - d. Majority decision is carried through and there were not instances of dissenting members in the Board of Directors.
8. We further report that there exist adequate systems and processes in the Company that commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
9. We further report that the Company is not regular in remitting undisputed statutory dues to the exchequer. The Amount(s) of arrears as on March 31st, 2017 are as follows:
- | | |
|------------------------------------|-----------------|
| • Income tax (Asst year 2009-2010) | Rs.3.79 lakhs, |
| • Income Tax (Asst Year 2011-2012) | Rs.3.11 lakhs, |
| • Fringe Benefit Tax | Rs. 0.58 lakhs, |
| • Income tax in the nature of TDS | Rs. 9.13 lakhs, |
| • Service tax | Rs. 8.52 Lakhs, |



- CST payable Rs. 0.78 lakhs,
- PF Payable Rs. 0.90 Lakhs
- ESI Payable Rs. 1.66 Lakhs
- PT Payable Rs. 0.31 Lakhs

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

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

10. We further report that the case at CESTAT has been closed during the last hearing held in Chennai in February 2017.
11. We further report that during the audit period, there were no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., referred to the above.

DATE : 14/08/2017
PLACE: Hyderabad,

MVR Murthy
Company Secretary
M.No. : F 8522
CP No. : 9552

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Annexure to the Secretarial Audit Report

To
The Members,
M/s. Transgene Biotek Limited
CIN : L85195TG1990PLC011065
Hyderabad.

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

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

MVR Murthy
Company Secretary

PLACE: Hyderabad,
DATE : 14/08/2017.

M.No. : F 8522
CP No. : 9552



**Form No. MGT-9
EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED
ON 31ST MARCH 2017**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| Sr. No. | Name and Description of main products / services | NIC Code of the Product/ service | %to total turnover of the company |
|---------|--|----------------------------------|-----------------------------------|
| 1 | Research & Development Income | | 65.47% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name and Address of the Company | CIN/ GLN | Holding/ Subsidiary /Associate | % of shares held | Applicable Section |
|---------|---------------------------------|----------|--------------------------------|------------------|--------------------|
| 1. | Transgene HK Limited | 1660959 | Subsidiary | 100 | 129 |

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IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during |
|----------------------------------|---|-----------------|-----------------|-------------------|---|-----------------|-----------------|-------------------|-----------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter | | | | | | | | | |
| 1) Indian | | | | | | | | | |
| a) Individual/ HUF | 6427902 | 10000000 | 16427902 | 21.68 | 6427902 | 10000000 | 16427902 | 21.65 | 0 |
| b) Central Govt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) State Govt(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) Bodies Corp | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f) Any Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-total(A)(1):- | 16427902 | 10000000 | 16427902 | 21.68 | 16427902 | 10000000 | 16427902 | 21.65 | 0 |
| 2) Foreign | | | | | | | | | |
| g) NRIs-Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | NIL |
| h) Other-Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | NIL |
| i) Bodies Corp. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | NIL |
| j) Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | NIL |
| k) Any Other.... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | NIL |
| Sub-total (A)(2):- | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | NIL |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | NIL |
| b) Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | NIL |
| c) Central Govt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | NIL |
| d) State Govt(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | NIL |
| e) Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | NIL |
| f) Insurance Companies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | NIL |
| g) FIs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | NIL |
| h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | NIL |
| i) Others (specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | NIL |
| Sub-total (B)(1) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | NIL |
| 2. Non Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| (i) Indian | | | | | | | | | |
| (ii) Overseas | 3443448 | 0 | 3443448 | 4.54 | 2946765 | 0 | 2946765 | 3.89 | (0.66) |
| b) Individuals | | | | | | | | | |



TRANSGENE BIOTEK LIMITED

| | | | | | | | | | |
|---|-----------------|-----------------|-----------------|---------------|-----------------|-----------------|-----------------|---------------|----------|
| (i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 10498193 | 96884 | 10595077 | 13.98 | 11315546 | 97384 | 11412930 | 15.06 | 1.08 |
| (ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 37211080 | 703992 | 37915072 | 50.04 | 37516004 | 385110 | 37901114 | 50.02 | (00.02) |
| c) Others(Specify) | | | | | | | | | |
| i) Non Resident Indians | 545137 | 0 | 545137 | 0.72 | 510951 | 0 | 510951 | 0.67 | (0.05) |
| ii) Clearing Members | 572714 | 0 | 572714 | 0.76 | 299688 | 0 | 299688 | 0.40 | (0.36) |
| Trusts | 650 | 0 | 650 | 0 | 650 | 0 | 650 | 0 | 0 |
| Sub-total (B)(2) | 52271222 | 800876 | 53072098 | 70.04 | 52589604 | 482494 | 53072098 | 70.04 | 0 |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | 58541222 | 800876 | 59342098 | 78.32 | 58859604 | 482494 | 59342098 | 78.32 | 0 |
| C. Shares held by Custodian for GDRs & ADRs | 6270000 | 0 | 6270000 | 8.28 | 6270000 | 0 | 6270000 | 8.28 | 0 |
| Grand Total (A+B+C) | 64969124 | 10800876 | 75770000 | 100.00 | 65287506 | 10482494 | 75770000 | 100.00 | 0 |

ii. Shareholding of Promoter

| S. No | Names of the Shareholders | Shareholding at the beginning of the year | | | Share holding at the end of the year | | | % change in share holding during the year |
|-------|---------------------------|---|----------------------------------|--|--------------------------------------|----------------------------------|--|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1. | Dr Koteswara Rao | 15211902 | 20.08 | 0 | 15211902 | 20.08 | 0 | 0 |
| 2. | Mrs K Nirmala Rao | 1192000 | 1.57 | 0 | 1192000 | 1.57 | 0 | 0 |
| 3. | Mr K Srinivas | 24000 | 0.03 | 0 | 24000 | 0.03 | 0 | 0 |
| | Total | 16427902 | 21.68 | 0 | 16427902 | 21.68 | 0 | 0 |

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

| S. No. | Particulars | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | 16427902 | 21.68 | 16427902 | 21.68 |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | Nil | Nil | Nil | Nil |
| | At the End of the year | 16427902 | 21.68 | 16427902 | 21.68 |

V. **INDEBTEDNESS:** Indebtedness of the Company including interest outstanding/accrued but not due for payment

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 593.40 | 894.47 | - | 1487.87 |
| ii) Interest due but not paid | Nil | Nil | - | Nil |
| iii) Interest accrued but not paid | 40.43 | Nil | - | 33.28 |
| Total (i+ii+iii) | 633.83 | 894.47 | | 1528.30 |
| Change in Indebtedness during the financial year | | | | |
| - Addition | 7.14 | 4.59 | | 74.71 |
| - Reduction | Nil | Nil | | 4.59 |
| Net Change | 7.14 | 62.98 | | 70.12 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 593.40 | 957.45 | | 1559.85 |
| ii) Interest due but not paid | Nil | Nil | | Nil |
| iii) Interest accrued but not due | 47.57 | Nil | | 47.57 |
| Total (i+ii+iii) | 640.97 | 957.45 | | 1598.42 |



VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

| S. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | Total |
|--------|--|-------------------------|-----------------------|------------------|
| | | Sarang Subhash WTD | Shyam Shankar Das WTD | |
| 1. | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | 10,80,000 | 18,00,000 | 28,80,000 |
| 2. | Stock Option | NIL | NIL | NIL |
| 3. | Sweat Equity | NIL | NIL | NIL |
| 4. | Commission - as % of profit - others, specify...Sitting fee | 2000 | 4000 | NIL |
| 5. | Others, please specify | NIL | NIL | NIL |
| 6. | Total (A) | 10,82,000 | 18,04,000 | 28,86,000 |
| | Ceiling as per the Act | | | |

B. Remuneration to other directors:

| S. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | Total |
|--------|--|-------------------------|--|--------------|
| | Independent Directors – Ms. Sujana Kadium • Fee for attending board committee meetings • Commission • Others, please specify | 20,000 | | 20,000 |
| | Total (1) | | | |
| | Other Non-Executive Directors • Fee for attending board committee meetings • Commission • Others, please specify | Nil | | Nil |
| | Total (2) | | | |
| | Total (B)=(1+2) | 20000 | | 20000 |
| | Total Managerial Remuneration Overall Ceiling as per the Act | | | |

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

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---------|--|--------------------------|-------------------|-----|-------|
| | | CEO | Company Secretary | CFO | Total |
| 1. | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | NOT APPLICABLE | | | |
| | I Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | | | | |
| 2. | Stock Option | NOT APPLICABLE | | | |
| 3. | Sweat Equity | NOT APPLICABLE | | | |
| 4. | Commission - as % of profit - others, specify... | NOT APPLICABLE | | | |
| 5. | Others, please specify | NOT APPLICABLE | | | |
| 6. | Total | | | | |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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



INDEPENDENT AUDITOR'S REPORT

TO
THE MEMBERS
TRANSGENE BIOTEK LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of TRANSGENE BIOTEK LIMITED ("the Company"), which comprises the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year the 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 in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility

also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safe guarding of the assets of the Company and for preventing and detecting the 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 internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and Fairview and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- b) In the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

1. Attention is brought to Note No.04 to the Notes to Accounts under the heading "Non-Current Investments" amounting to Rs.9220.10 Lakhs made in the wholly owned subsidiary company viz. Transgene Biotek HK Limited (1,69,52,001 shares of US \$ 1 each). The accounts of the said subsidiary have not been audited as per the applicable local laws for the FY 2016-17 as explained by the management in the notes to accounts. In the absence of alternative methodologies to independently evaluate the same, we are unable to express an opinion whether the said sum as reflected under the above head is recoverable at the value at which it is stated. Management, as a prudent measure, made full provision in the books of accounts considering the above development.
2. Attention is also brought to the fact that Securities and Exchange Board of India (SEBI) had conducted Preliminary Inquiry on receiving certain complaints on the matter of GDRs issued by the Company and its utilization thereof, basically on the angle of protection of Investors' interest. SEBI prima facie concluded that the GDR proceeds have been transferred by the Company, directly or indirectly, through foreign subsidiary for undisclosed purposes under the garb of consideration for technology transfer and consequently passed an interim Order inter alia, refraining the Company from issuing any securities. The Company has appealed against the said Order. We are unable to comment, at this stage, on the impact this Order will have on the Company as a going concern. We are also unable to quantify, at the stage, the financial impact of this Order on the Company, as the Management has informed us that the Company is in the process of taking steps for recovery of amounts raised in the GDR.
3. The findings of the SEBI as per their Order on the utilization/transfer of GDR proceeds for undisclosed purposes point out towards violations of the provisions of the Foreign Exchange Management Act as well as GDR approval conditions, the impact of which we are unable to quantify at this stage.
4. Attention is brought to the fact that there is an outstanding balance of Rs. 2302.00 lakhs which pertains to advance given to a Party out of the proceeds of GDR. Consequent to the order of the SEBI as aforesaid and the contention of the management that the payments were made without Company's authorization or knowledge, we are unable to opine whether



this amount is recoverable or not as we are unable to obtain confirmation from the concerned Party. However, the Management as a prudent measure, made full provision for the amount, in the Books of Account considering the above facts.

5. Based on representation given by the Board, the company has restated some of its assets and liabilities and appropriate treatment has been given in the books of accounts.

| S.no | Particulars | Amount(Rs.) |
|-------------|---------------------------------|--------------------|
| 1 | Capital Reserve | 81,87,91,499 |
| 2 | Exchange Translation Reserve | 11,62,88,237 |
| 3 | Intellectual Property Rights | 62,25,96,164 |
| 4 | Product Development Expenditure | 30,24,08,768 |
| 5 | Capital Advances | 1,00,74,803 |
| 6 | Debtors | 1,79,89,758 |
| 7 | Creditors | 43,98,374 |
| 8 | Advances to Suppliers | 9,74,153 |
| 9 | Bank Balances | 40,000 |

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, based on the comments in the auditors’ report of the Company and on the auditors’ reports issued in accordance with the Order on subsidiary companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. To the extent applicable As required by section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of written representations received from the directors as on 31 March, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017, 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

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“Annexure B”; and

- g. With respect to the other matters included in the Auditor’s Report and to our best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which required to be transferred to the Investor Protection Fund.
 - iv. The Company has provided requisite disclosure in its financial statements, dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company.

For **GOPAL & RAJAN**
CHARTERED ACCOUNTANTS
FRN: 000953S
Sd/-
(CA.K.GOUTHAM SUBBIAH)
PARTNER
M.No.203237

Place: Hyderabad
Date: 14 August 2017



Annexure - A to the Auditors' Report

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. In case of Technology item, we have been informed that certain balancing components are yet to be received without which the technology is incomplete for the full effective intended usage. Subject to this, the other fixed assets have been physically verified by the management and this revealed no material discrepancies.
- (b) All the assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanation given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the Company.
2. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the company is maintaining proper records of inventory. No material discrepancies were noticed on verification of the physical stocks with the records.
3. The company has not granted any loan to the parties covered in the register maintained under section 189 of the Companies Act, 2013.
4. The company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under section 185 and 186. Therefore the provision of Clause 3 (iv) of the said Order is not applicable to the Company.
5. According to the information and explanations given to us, the Company has not accepted deposits against the terms of directives issued by Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under except for the receipts from various parties to the tune of Rs 48,49,942.
6. The maintenance of cost records have not been prescribed by the Central Government under sub section (1) of section 148 of the Companies Act, 2013 for the activities of the Company.
7. The company is not regular in depositing undisputed statutory dues. The amount of arrears, as at 31st March, 2017 outstanding for a period of more than six months from the date they became payable are as mentioned below:

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- Income tax (Asst year 2009-2010) Rs.3.79 lakhs,
- Income Tax (Asst Year 2011-2012) Rs.3.11 lakhs,
- Fringe Benefit Tax Rs. 0.58 lakhs,
- Income tax in the nature of TDS Rs. 9.13 lakhs,
- Service tax Rs. 8.52 lakhs,
- CST payable Rs. 0.78 lakhs,
- PF Payable Rs. 0.90 lakhs
- ESI Payable Rs. 1.66 lakhs
- PT Payable Rs. 0.31 lakhs

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

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

8. In our opinion and according to the information and explanations given to us, the company has defaulted in repayment of dues to financial institutions and banks.

The Company is not regular in repayment of Term loans within due date and the loan accounts with Union bank of India had been classified as Non-Performing Asset by the bank due to non-payment as per payment schedule of Term loan and non-application of interest on the loan account after the account becoming NPA.

During the course of audit it has been observed that the amount of outstanding balance to the bank has been paid under one time settlement.

9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.
10. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.



11. According to the information and explanations given to us the company has not provided for any managerial remuneration as mandated under the provisions of Section 197, read with Schedule V of the act.
12. As the company is not a Nidhi Company and the Nidhi Rules 2014 are not applicable to it, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
13. In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
14. Based upon the audit procedures performed and the information and explanations given by the management, the Company has not made any preferential allotment or private placement of shares or fully convertible debentures during the year.
15. Based upon the audit procedures performed and the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable.
16. In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company.

For GOPAL & RAJAN
CHARTERED ACCOUNTANTS
FRN: 000953S

Sd/-
(CA.K.GOUTHAM SUBBIAH)
PARTNER
M.No.203237

Place: Hyderabad
Date: 14 August 2017

TWENTY SIXTH ANNUAL REPORT 2016-17

Annexure – B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of TRANSGENE BIOTEK LIMITED (“the Company”) as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

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



Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, has an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, 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 GOPAL & RAJAN
CHARTERED ACCOUNTANTS
FRN: 000953S

Sd/-
(CA.K.GOUTHAM SUBBIAH)
PARTNER
M.No.203237

Place: Hyderabad
Date: 14 August 2017

AUDITOR'S CERTIFICATE

We have examined the attached Cash Flow statement of **M/s.TRANSGENE BIOTEK LIMITED**, Hyderabad for the period ended 31st March, 2017. The statement has been prepared by the Company in accordance with the requirements of listing agreement clause 32 with Bombay Stock Exchange and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by report of 14th of August, 2017 to the members of the Company.

For GOPAL & RAJAN
CHARTERED ACCOUNTANTS
FRN: 000953S

Sd/-
(CA.K.GOUTHAM SUBBIAH)
PARTNER
M.No.203237

Place: Hyderabad
Date: 14 August 2017



AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
TRANSGENE BIOTEK LIMITED

We have examined the compliance with conditions of Corporate Governance of M/s. TRANSGENE BIOTEK LIMITED, for the year ended March 31, 2017 as stipulated in Clause 49 of the Listing Agreement with stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us and representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreements.

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

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

For GOPAL & RAJAN
CHARTERED ACCOUNTANTS
FRN: 000953S

Sd/-
(CA.K.GOUTHAM SUBBIAH)
PARTNER
M.No.203237

Place: Hyderabad
Date: 14 August 2017

TWENTY SIXTH ANNUAL REPORT 2016-17

STANDALONE BALANCE SHEET AS AT 31ST MAR 2017

(All amounts in Indian rupees, except share data and where otherwise stated)

| Particulars | Notes | As at 31st March 2017 | As at 31st March 2016 |
|-------------------------------------|-------|--------------------------|--------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholder's Funds | | | |
| Share Capital | 2 | 757,700,000 | 757,700,000 |
| Reserves and Surplus | 3 | -342,974,143 | 788,888,830 |
| Non-Current Liabilities | | | |
| Long-term borrowings | 4 | 64,097,618 | 63,383,618 |
| Long term provisions | 5 | 1,208,786,442 | 1,208,786,442 |
| Current Liabilities | | | |
| Short-term borrowings | 6 | 95,744,698 | 89,447,066 |
| Trade payables | 7 | 5,393,071 | 8,447,110 |
| Other current liabilities | 8 | 15,035,391 | 14,212,579 |
| Total Equity and Liabilities | | 1,803,783,078 | 2,930,865,646 |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | 9 | | |
| (i) Tangible assets | | 31,384,706 | 34,589,981 |
| (ii) Intangible assets | | 580,252,138 | 1,374,914,446 |
| Capital work-in-progress | | 2,890,306 | 2,890,306 |
| Non-current investments | 10 | 922,009,728 | 922,009,728 |
| Long term loans and advances | 11 | 242,085,003 | 242,085,003 |
| Other non-current assets | 12 | 17,476,633 | 319,885,401 |
| Current assets | | | |
| Inventories | 13 | 654,043 | 654,043 |
| Trade receivables | 14 | 55,112 | 16,264,468 |
| Cash and cash equivalents | 15 | 516,143 | 294,435 |
| Short-term loans and advances | 16 | 6,459,269 | 17,277,834 |
| Total Assets | | 1,803,783,078 | 2,930,865,646 |

Note: The notes referred to above are an integral part of the Balance Sheet.

As per our report attached

For Gopal & Rajan
Chartered Accountants
Firm Registration No.000953S

For and on behalf of the board of Directors
Transgene Biotek limited

Sd/-
K.Goutham Subbaiah
Partner
Membership No:203237

Sd/-
Dr. K. Koteswara Rao
Managing Director

Sd/-
Sarang Puranik
Director

Place: Hyderabad
Date: 14/08/2017



TRANSGENE BIOTEK LIMITED

STANDALONE PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MAR 2017

(All amounts in Indian rupees, except share data and where otherwise stated)

| Particulars | Notes | As at 31st March 2017 | As at 31st March 2016 |
|---|-------|-----------------------|-----------------------|
| INCOME | | | |
| Revenue from operations | 17 | 2,808,467 | 1,815,384 |
| Other Income | 18 | 4,822,122 | 1,683,000 |
| Total Income | | 7,630,590 | 3,498,384 |
| EXPENSES | | | |
| Cost of materials consumed | 19 | - | 7,500 |
| Purchase of Traded goods | 20 | - | - |
| (Increase)/decrease in finished stock | 21 | - | - |
| Employee benefit expenses | 22 | 5,542,300 | 6,815,268 |
| Financial costs | 23 | 723,285 | 731,028 |
| Depreciation and amortization expenses | 24 | 175,271,419 | 205,023,453 |
| Other expenses | 25 | 22,876,821 | 6,305,041 |
| Total Expenses | | 204,413,825 | 218,882,290 |
| Profit before exceptional and extraordinary items and tax | | (196,783,236) | (215,383,906) |
| Exceptional and extraordinary items | | - | - |
| Profit before extraordinary items and tax | | (196,783,236) | (215,383,906) |
| Extraordinary items | | - | - |
| Prior Period Expenditure/(Income) | | - | - |
| Profit before tax | | (196,783,236) | (215,383,906) |
| Tax expense: | | | |
| Current tax expenses | | - | - |
| Deferred tax charge / (credit) | | - | - |
| Profit for the period | | (196,783,236) | (215,383,906) |
| Earnings per Equity Share (Equity shares of par value Rs. 10 each) | | | |
| Basic | | (2.60) | (2.84) |
| Diluted | | (2.60) | (2.84) |
| Number of shares used in computing earnings per share | | | |
| Basic | | 75,770,000 | 75,770,000 |
| Diluted | | 75,770,000 | 75,770,000 |

Note: The notes referred to above are an integral part of the Balance Sheet.

As per our report attached

For Gopal & Rajan

Chartered Accountants

Firm Registration No.000953S

Sd/-

K.Goutham Subbaiah

Partner

Membership No:203237

Place: Hyderabad

Date: 14/08/2017

For and on behalf of the board of Directors

Transgene Biotek limited

Sd/-

Dr. K. Koteswara Rao

Managing Director

Sd/-

Sarang Puranik

Director

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STANDALONE CASH FLOW STATEMENT

| Particulars | As at 31st March 2017 | | As at 31st March 2016 | |
|---|--------------------------|------------------|--------------------------|------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Net Profit Before Tax | | (196,783,236) | | (215,383,906) |
| Adjustments for : | | | | |
| Depreciation | 175,271,419 | | 205,023,453 | |
| Interest and Finance charges | 723,285 | | 731,028 | |
| Debtors Written off | 17,989,758 | | | |
| Supplier Advances Written off | 974,153 | | | |
| Creditors Written off | (4,398,374) | | | |
| | | 190,560,241 | - | 205,754,481 |
| Operating Profit before working Capital changes | | (6,222,995) | | (9,629,425) |
| Adjustments for : | | | | |
| Decrease / (Increase) in Receivables | (1,780,399) | | 147,626,536 | |
| Decrease / (Increase) in Inventories | - | | 7,500 | |
| Decrease / (Increase) in other current assets | (230,391) | | 397,894 | |
| Increase / (Decrease) in payables | 1,344,335 | | (147,599,812) | |
| Increase / (Decrease) in Provisions and Other liabilities | 7,120,444 | | 9,384,154 | |
| Sub Total | | 6,453,990 | | 9,816,272 |
| Cash generated from operations | | 230,995 | | 186,847 |
| Less : Direct Taxes paid | | - | | - |
| Net Cash from Operating Activities | | 230,995 | | 186,847 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Purchase of fixed assets | - | | - | |
| Product development expenditure | - | | - | |
| Capital advances and Investments | | | (177,750) | |
| Interest received | - | | - | |
| Net Cash from Investing Activities | | - | | (177,750) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Proceeds from issue of GDRs / Equity Shares | - | | - | |
| Repayment of Working Capital Term Loan | - | | - | |
| Proceeds / (repayment) Long term borrowings | - | | - | |
| Interest Paid | (9,285) | | (16,050) | |
| Net Cash from Financing Activities | | (9,285) | | (16,050) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | 221,710 | | (6,953) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | | 294,433 | | 301,386 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | | 516,143 | | 294,433 |

NOTE :

- 1) Figures in brackets indicate cash outgo
- 2) The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard-3 notified under the Companies Act ,2013.
- 3) Significant Accounting Policies and other Notes to Accounts form an integral part of the Cash Flow Statement.
- 4) Previous year figures have been regrouped/reclassified wherever necessary to confirm to current year classification vide our report of even date.

Note: The notes referred to above are an integral part of the Balance Sheet.

As per our report attached

For Gopal & Rajan
Chartered Accountants
Firm Registration No.000953S

For and on behalf of the board of Directors
Transgene Biotek limited

Sd/-
K.Goutham Subbaiah
Partner
Membership No:203237

Sd/-
Dr. K. Koteswara Rao
Managing Director

Sd/-
Sarang Puranik
Director

Place: Hyderabad
Date: 14/08/2017



Notes to financial statements for the Year ended 31st March 2017

(All amounts in Indian rupees, except share data and where otherwise stated)

2. SHARE CAPITAL

| PARTICULARS | As at 31st March 2017 | | As at 31st March 2016 | |
|--|-----------------------|--|-----------------------|--|
| Authorised : | | | | |
| Equity Shares (7,60,00,000 Shares of Rs.10 each) | 760,000,000 | | 760,000,000 | |
| (Previous year 7,60,00,000 equity shares) | 760,000,000 | | 760,000,000 | |
| Issued, subscribed and paid-up : | | | | |
| Equity Shares | | | | |
| (7,57,70,000 shares of Rs.10 each fully paid up) | 757,700,000 | | 757,700,000 | |
| (Previous year 7,57,70,000 equity shares) | | | | |
| Share Application Money | - | | - | |
| | 757,700,000 | | 757,700,000 | |

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

In the event of the liquidation of the Company, the holders of shares shall be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However no such preferential amounts exists currently. The amount distributed will be in proportion to the number of equity shares held by the shareholders

The reconciliation of the number of equity shares outstanding is set out below:

| PARTICULARS | As at 31st March 2017 | | As at 31st March 2016 | |
|--|-----------------------|--------------------|-----------------------|--------------------|
| | Number of Shares | Amount | Number of Shares | Amount |
| Shares outstanding at the beginning of year | 75,770,000 | 757,700,000 | 75,770,000 | 757,700,000 |
| | - | - | - | - |
| Shares outstanding at the end of the year | 75,770,000 | 757,700,000 | 75,770,000 | 757,700,000 |

| Name of the Shareholders | As at 31st March 2017 | | As at 31st March 2016 | |
|---------------------------------|-----------------------|-------------------|-----------------------|-------------------|
| | Number of shares | % of Shareholding | Number of shares | % of Shareholding |
| Dr. K. Koteswara Rao | 16,427,902 | 21.68% | 16,427,902 | 21.68% |
| Polavarapu vikram | 8,732,171 | 11.52% | 8,732,171 | 11.52% |
| The Bank of New york Mellon, DR | 6,270,000 | 8.28% | 6,270,000 | 8.28% |

As per records of the Company, including its register of shareholders/ members and other delcarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares

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3. RESERVES AND SURPLUS

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|--|-----------------------|-----------------------|
| Security Premium account : | | |
| Balance brought forward | 1,388,092,501 | 1,388,092,501 |
| Additions during the year | - | - |
| | 1,388,092,501 | 1,388,092,501 |
| Less: Expenses incurred for issue of securities | - | - |
| Closing balance at the end of the year | 1,388,092,501 | 1,388,092,501 |
| Capital Reserve | | |
| Balance Brought forward | 891,265,401 | 891,265,401 |
| Additions/(Decrease) during the year | -818,791,499 | - |
| Closing balance at the end of the year | 72,473,902 | 891,265,401 |
| Warrants Forfeiture reserves | | |
| Balance brought forward | 12,250,000 | 12,250,000 |
| Additions during the year | - | - |
| Closing balance at the end of the year | 12,250,000 | 12,250,000 |
| Exchange Translation Reserve | | |
| Balance brought forward | 116,288,237 | 116,288,237 |
| Additions/(Decrease) during the year | -116,288,237 | - |
| Closing balance at the end of the year | - | 116,288,237 |
| Profit & Loss account | | |
| Balance brought forward | -1,619,007,309 | -1,384,110,087 |
| Add : Profit during the year | -196,783,236 | -215,383,906 |
| Add: Decrease in Retained Earnings | | |
| Due to revision of Depreciation | - | -19,513,317 |
| Closing balance in P & L Account | -1,815,790,545 | -1,619,007,309 |
| | -342,974,143 | 788,888,830 |

4. LONG TERMS BORROWINGS

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|--|-----------------------|-----------------------|
| Term Loan from Dept. Bio technology, Ministry of Science and Technology, Govt. of India | 45,676,879 | 44,962,879 |
| Working Capital Term Loan from UBI | 18,420,739 | 18,420,739 |
| | 64,097,618 | 63,383,618 |

* Term Loans are secured by first pari passu charge on all the present and future fixed assets both movable and immovable property of the Company

** Term loan from Department of Bio Technology (DBT), Ministry of Science and Technology are secured by the whole of movable and immovable properties acquired from the loan sanctioned by the DBT under SBIRI scheme.

*** Interest has not been provided on the term loan obtained from UBI.

**5. LONG TERM PROVISIONS**

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|---|------------------------------|------------------------------|
| Provision for Employees Retirement Benefits | 411,958 | 411,958 |
| Provision for Fringe Benefit Tax | 58,368 | 58,368 |
| Income Tax provision earlier years | 56,102,138 | 56,102,138 |
| Provision for Investments | 1,152,213,978 | 1,152,213,978 |
| | 1,208,786,442 | 1,208,786,442 |

6. SHORT TERM BORROWINGS

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|--|------------------------------|------------------------------|
| Loans repayable on demand from parties | | |
| From related parties | 48,960,414 | 47,025,709 |
| From others | 46,784,285 | 42,421,357 |
| | 95,744,698 | 89,447,066 |

7. TRADE PAYABLES

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|---|------------------------------|------------------------------|
| Dues of Micro and Small Enterprises | - | - |
| Dues other than Micro and Small Enterprises | 5,393,071 | 8,447,110 |
| | 5,393,071 | 8,447,110 |

8. OTHER CURRENT LIABILITIES

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|-----------------------|------------------------------|------------------------------|
| Other payables | 12,409,218 | 11,507,781 |
| Statutory Liabilities | 2,626,173 | 2,704,798 |
| | 15,035,391 | 14,212,579 |

SCHEDULE 9. FIXED ASSETS UPTO 31ST MARCH 2017 (consolidated)

| Sl. No | PARTICULARS | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | |
|--------|------------------------------|----------------------|---------------------------------------|----------------------|--------------------|-----------------------------------|-----------------------|--------------------|----------------------|----------------------|
| | | As at 31.03.2016 | Additions/ (Deletion) during the Year | As at 31.03.2017 | Up to 31.03.2016 | Depreciation for the on Deletions | Year ended 31.03.2017 | Up to 31.03.2017 | As at 31.03.2017 | As at 31.03.2016 |
| | | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | |
| 1 | Land | 2,008,003 | - | 2,008,003 | - | - | - | - | 2,008,003 | 2,008,003 |
| 2 | Building | 36,291,397 | - | 36,291,397 | 20,399,319 | 324,904 | 20,724,223 | 15,567,174 | 15,892,078 | 15,892,078 |
| 3 | Buildings temporary | 68,163 | - | 68,163 | 64,917 | - | 64,917 | 3,246 | 3,246 | 3,246 |
| 4 | Computers | 1,797,885 | - | 1,797,885 | 1,711,554 | - | 1,711,554 | 86,331 | 86,331 | 86,331 |
| 5 | Electrical Equipments | 10,279,268 | - | 10,279,268 | 9,566,581 | 166,308 | 9,732,889 | 546,380 | 712,688 | 712,688 |
| 6 | Furniture | 922,627 | - | 922,627 | 840,859 | - | 840,859 | 81,768 | 81,768 | 81,768 |
| 7 | Office Equipments | 18,576,575 | - | 18,576,575 | 16,342,766 | 1,221,152 | 17,563,918 | 1,012,657 | 2,233,809 | 2,233,809 |
| 8 | Plant & Machinery | 77,867,443 | - | 77,867,443 | 64,326,433 | 1,492,912 | 65,819,345 | 12,048,098 | 13,541,010 | 13,541,010 |
| 9 | Vehicles | 635,801 | - | 635,801 | 604,751 | - | 604,751 | 31,050 | 31,050 | 31,050 |
| | Total (A) | 148,447,163 | - | 148,447,163 | 113,857,180 | 3,205,276 | 117,062,456 | 31,384,706 | 34,569,981 | 34,569,981 |
| | Intangible Assets | | | | | | | | | |
| 1 | Intellectual Property Rights | 996,700,000 | -996,700,000 | - | 299,010,000 | 75,093,836 | 374,103,836 | - | 697,690,000 | 697,690,000 |
| 2 | Technology | 919,047,557 | - | 919,047,557 | 241,823,111 | 96,972,308 | 338,795,419 | 580,252,138 | 677,224,446 | 677,224,446 |
| | Capital Work in Progress | | | | | | | | | |
| | -Buildings(B) | 2,890,306 | - | 2,890,306 | - | - | - | - | 2,890,306 | 2,890,306 |
| | Total (B) | 1,918,637,863 | -996,700,000 | 921,937,863 | 540,833,111 | 172,066,144 | 712,899,255 | 583,142,444 | 1,377,804,752 | 1,377,804,752 |
| | Total (A+B) | 2,067,085,025 | -996,700,000 | 1,070,385,025 | 654,690,291 | 175,271,420 | 829,961,711 | 614,527,150 | 1,412,394,733 | 1,412,394,733 |

**10. NON CURRENT INVESTMENTS**

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|--|------------------------------|------------------------------|
| In Subsidiaries, Un-Quoted Transgene Biotek HK Limited (16,952,001 Shares of US\$ 1.00 each) | 922,009,728 | 922,009,728 |
| | 922,009,728 | 922,009,728 |

11. LONG TERM LOANS AND ADVANCES

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|---|------------------------------|------------------------------|
| (Unsecured, considered good except stated Otherwise) | | |
| Advance for acquiring for Technologies/ Patents/Know-how | 233,452,253 | 233,452,253 |
| Earnest Money Deposit with Govt/ Other authorities | 8,632,750 | 8,632,750 |
| | 242,085,003 | 242,085,003 |

12. OTHER NON-CURRENT ASSETS

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|---------------------------------|------------------------------|------------------------------|
| Product Development Expenditure | - | 302,408,768 |
| Technology Development cost | 17,476,633 | 17,476,633 |
| | 17,476,633 | 319,885,401 |

13. INVENTORIES

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|---|------------------------------|------------------------------|
| (Value at lower of cost and net realizable value) | | |
| Raw Material and Consumables | 514,328 | 514,328 |
| Finished Goods | 139,715 | 139,715 |
| | 654,043 | 654,043 |

13. TRADE RECIVABLES

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|--|------------------------------|------------------------------|
| (Unsecured, considered good except stated Otherwise) | | |
| Debts outstanding for a period exceeding six months from the date they are due for payment | 52,412 | 16,264,468 |
| Other Debts | 2,700 | - |
| | 55,112 | 16,264,468 |

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15. CASH AND CASH EQVALENTS

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|--|-----------------------|-----------------------|
| Cash on Hand | 1,107 | 7,061 |
| Balance with Schedule Banks | | |
| In current accounts | 514,336 | 256,676 |
| In deposit accounts | 698 | 698 |
| Balance with Non Scheduled Banks | - | 30,000 |
| | 516,142 | 294,435 |
| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
| Balance with Banks in current accounts | | |
| Axis Bank Ltd - 911020057235469 | 485,475 | 44,768 |
| Axis Bank Ltd - 913020044397910 | - | - |
| Bank of India -Nidadavolu | - | 179,718 |
| Bank of India -Tadepalligudem | 10,725 | 4,054 |
| Indus Ind Bank | 10,500 | 10,500 |
| Union Bank of India | 7,636 | 7,636 |
| Yes Bank | - | 10,000 |
| | 514,336 | 256,676 |
| In deposit accounts | | |
| Union Bank of India (SIBRI) | 698 | 698 |
| | 698 | 698 |
| Balance with Non Scheduled Banks | | |
| HSBC | - | 30,000 |
| | - | 30,000 |
| | 515,035 | 287,374 |

16. SHORT TERM LOANS AND ADVANCES

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|-----------------------------------|-----------------------|-----------------------|
| Unsecured, Considered good | | |
| Rent Deposits | 50,000 | 50,000 |
| Advance to Suppliers | 4,922,975 | 9,263,703 |
| CENVAT Credit Recievable | 195,602 | 162,037 |
| With Holding Tax Receivables | 1,230,614 | 1,065,264 |
| VAT Credit Recievable | 60,078 | 59,527 |
| Capital advance | - | 6,677,303 |
| | 6,459,269 | 17,277,834 |

**17. REVENUE FROM OPERATIONS**

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|---|------------------------------|------------------------------|
| Diagnostic Services | 692,027 | 1,807,884 |
| Research & Development | 2,116,440 | |
| Sales of Products (Net of Taxes and Duties) | - | 7,500 |
| | 2,808,467 | 1,815,384 |

18. OTHER INCOME

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|-------------------------|------------------------------|------------------------------|
| Facility Rental Charges | 208,000 | 1,683,000 |
| Rental Income | 216,000 | - |
| Creditors Written Off | 4,398,122 | - |
| | 4,822,122 | 1,683,000 |

19. COST OF MATERIAL CONSUMED

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|---|------------------------------|------------------------------|
| Opening Stock | 514,328 | 521,828 |
| Add: Purchases | - | - |
| | 514,328 | 521,828 |
| Less: Closing Stock | 514,328 | 514,328 |
| | - | 7,500 |
| Less: Material Consumed for Product Development | - | - |
| | - | 7,500 |

20. PURCHASE OF TRADED GOODS

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|---------------------|------------------------------|------------------------------|
| Opening Stock | - | - |
| Add: Purchases | - | - |
| Less: Closing Stock | - | - |
| | - | - |

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21. (INCREASE)/DECREASE IN FINISHED GOODS

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|---|-----------------------|-----------------------|
| Traded, Raw material and Finished Goods Inventories at the end of the year | | |
| Traded Goods | - | - |
| Finished Goods | 139,715 | 139,715 |
| Raw material and Consumables | 139,715 | 139,715 |
| Inventories at the beginning of the year | | |
| Raw material and Consumables | - | - |
| Finished Goods | 139,715 | 139,715 |
| | 139,715 | 139,715 |

22. EMPLOYEE BENEFIT EXPENSES

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|--|-----------------------|-----------------------|
| Salaries, wages and bonus | 5,391,039 | 6,297,620 |
| Contribution to provident fund and other funds | 127,829 | 255,559 |
| Gratuity expenses | - | - |
| Leave Encashment expenses | - | - |
| Staff welfare expenses | 23,432 | 262,089 |
| | 5,542,300 | 6,815,268 |

23. FINANCIAL COSTS

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|--|-----------------------|-----------------------|
| Interest to Banks and Financial institutions | 714,978 | 3,547,901 |
| Bank charges | 16,050 | 49,512 |
| | 731,028 | 3,597,414 |

23. DEPRECIATION AND AMORTIZATION EXPENSE

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|--|-----------------------|-----------------------|
| Interest to Banks and Financial institutions | 714,000 | 714,978 |
| Bank charges | 9,285 | 16,050 |
| | 723,285 | 731,028 |

24. DEPRECIATION AND AMORTIZATION EXPENSE

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|--|-----------------------|-----------------------|
| Depreciation as per Companies Act | 175,271,419 | 205,023,453 |
| Depreciation transferred to Product Development exp. | - | - |
| | 175,271,419 | 205,023,453 |

**25. OTHER EXPENSES**

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|---|------------------------------|------------------------------|
| Bank Balances Written Off | 40,000 | - |
| Debtors Written Off | 18,968,459 | - |
| Power and Fuel | 1,160,534 | 1,024,634 |
| Rates, Taxes and Fees | 261,980 | 254,494 |
| Printing and Stationery | 114,051 | 56,439 |
| Postage and Telephone | 60,353 | 147,396 |
| Legal and Professional charges | 917,454 | 2,076,070 |
| Remuneration to Auditors | 150,000 | 185,048 |
| Rebate and Discounts | 14,470 | 45,535 |
| Travelling, Transport and Conveyance | 21,966 | 276,891 |
| Vehicle maintenance and hire charges | - | 50 |
| Advertisement | 71,785 | 149,184 |
| Listing Fee | 379,734 | 275,602 |
| Repairs & Maintenance | 61,072 | 161,916 |
| Lab Maintenance | 28,798 | 22,538 |
| Lab Maintenance - Diagnostic Centres | 75,168 | 244,851 |
| Office Maintenance | 39,580 | 172,154 |
| Business promotion expenses-HO | 179,104 | 486,301 |
| Business Promotion expenses-Lab Service Centres | 275,133 | 698,844 |
| Misc. Expenses | 28,838 | 27,094 |
| Interest on Statutory payments | 28,343 | - |
| | 22,876,821 | 6,305,041 |

As per our report attached

For Gopal & Rajan

Chartered Accountants

Firm Registration No.

For and on behalf of the board of Directors

Transgene Biotek Limited

Sd/-

K.Goutham Subbaiah

Partner

Membership No:203237

Sd/-

Dr. K. Koteswara Rao

Managing Director

Sd/-

Sarang Puranik

Director

Place: Hyderabad

Date: 14/08/2017

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1. SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

The accompanying financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accruals basis. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India (ICAI), the provisions of the Companies Act, 2013 and guidelines issued by the Securities and Exchange Board of India. Accounting policies have been consistently applied and management evaluates all recently issued or revised accounting standards on an ongoing basis.

1. FIXED ASSETS AND DEPRECIATION:

Fixed Assets are stated at cost of acquisition, less accumulated depreciation and impairment losses, if any. The cost of the assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for intended use and other incidental expenses incurred up to that date.

The company follows straight line method of depreciation through which it writes off the cost of the assets over their useful lives based on evaluation.

2. REVENUE RECOGNITION

Revenue for the company is in the form of Research and Development services to external agencies, Renting of Facilities and Land, and Medical diagnostic services. Revenue from sales from Research and Development is recognized on formal acceptance by the agency, Renting of the Facilities and Land is on monthly accrual on a specific due date as determined in the agreements. Revenue from the medical diagnostic centre is recognized on service to the patient.

3. INVENTORIES

Raw Materials/Inventory - At Cost or the net realizable value whichever is less.

Cost is determined on a First in First out basis.

Finished Goods - At cost or net realizable value whichever is less.

4. PRODUCT DEVELOPMENT EXPENDITURE & INTELLECTUAL PROPERTY RIGHTS

The Board has decided to write off the Product Development cost for the expenditure incurred towards certain products which did not materialize in the successful development of those intended products hence considered as not possessing any commercial value. The internally developed technology cost will be capitalized and written off over a period of the expected useful life of the respective products after obtaining commercial license/commencement of commercial production of the same.

Product Development with carrying value, as mentioned above, amounting to Rs 30,24,08,768 is written off during the year.

Intellectual properties with a carrying value of Rs.62,25,96,125 written off during the year.



5. RETIREMENT BENEFITS

- A) The Company is contributing to the Employees Provident fund maintained under the Employees Provident Fund Scheme by the Central Government.
- B) Leave encashment is not provided during the year.
- C) No provision is made towards the gratuity of employees.

6. INTERNALLY GENERATED INTANGIBLE ASSETS

Direct and indirect costs incurred during planning stage, and on operational activities charged to revenue in the year in which it has incurred.

Direct cost incurred on application & infrastructure development, design and content development stages are capitalized if and only if (i) it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and (ii) the cost of the asset can be measured reliably. Indirect cost incurred during application, infrastructure, development stage are charged to revenue.

7. EARNINGS PER SHARE

In determining earnings per share, the company considers the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares outstanding during the year.

8. CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the company are segregated. Cash flows in foreign currencies are accounted at average monthly exchange rates that approximate the actual rates exchange prevailing at the dates of the transactions.

9. INCOME-TAX

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

B. NOTES FORMING PART OF THE ACCOUNTS

- 1. Previous year figures have been regrouped and reclassified, wherever necessary according to the groupings and classifications are made for the current financial year.
- 2. Contingent Liabilities are not provided for in respect of

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| Particulars | 2016-17 | 2015-16 |
|---|---------|---------|
| (i) Customs Duty Demands disputed by the Company | 59.37 | 59.37 |
| (ii) Claims against the company not acknowledged as debts | 40.00 | 40.00 |

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

During the year the Company had received notice u/s 263 from the Principal Commissioner of the Income Tax for the Assessment year 2012-13 for which the company has filed its arguments. The case has been set aside by the Commissioner and a fresh notice has been served by the department on this regard for which the company is presenting its Arguments and the result is yet to be known.

3. The Department of Biotechnology has sanctioned a loan amount of Rs.4.07 crores under Small Business Innovative Research Initiative (SBIRI) scheme for the novel technology upgradation for Orlistat production, for which a charge against movable and immovable assets acquired from utilization of the said loan amount has been created. An amount of Rs 49,76,879 is demanded by SIBRI towards interest for which a provision has been made .
4. The company has made 100% provision for the investment made in the Transgene Biotek HK Limited (Subsidiary) for Rs. 92,20,09,728/-. Further, 100% provision is made against payment made to M/s. Symetric Sciences Inc utilized out of GDR proceeds. This is without prejudice to the company's claim in this regard. However, the management has approached various investigative agencies in Singapore, Hong Kong and Switzerland for investigating the illegal transfer of funds from its accounts at Investec Bank, Zurich and Standard Chartered Bank, Singapore apart from the main accused people and for recovery of lost funds through available channels.
5. The following are the Related Party Disclosures as per the AS-18 as notified under the Companies Act 2013.

A) Key managerial personnel:

Dr. K.Koteswara Rao : Managing Director

B) Relatives of key managerial personnel:

K.Lakshmidhar Rao : Son of Managing director
 K.Nirmala Rao : Wife of Managing director
 K. Srinivasa Rao : Son of Managing Director

C) Subsidiaries

Transgene Biotek HK Limited : Wholly owned subsidiary



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

Dr.K.K.Rao

| Nature of transaction | Amount | Amount |
|--|---------------|--------------------|
| Advances received by the company | | 4,31,246.82 |
| Amounts spent on behalf of the company | | 23,006.00 |
| | | 4,54,252.00 |

K.Laxmidhar Rao

| Nature of transaction | Amount | Amount |
|--|---------------|--------------------|
| Advances received by the company | | 3,71,658.00 |
| Amounts spent on behalf of the company | | 1,84,858.00 |
| Amount repaid by the company | 5,000 | |
| | 5,000 | 5,56,516.00 |

K.Nirmala rao

| Nature of transaction | Amount | Amount |
|--|---------------|--------------------|
| Advances received by the company | | 38,436.00 |
| Amounts Spent on behalf of the Company | | 8,10,500.00 |
| Amount repaid by the company | 90,000 | |
| | 90,000 | 8,48,936.00 |

K.Srinivasa Rao

| Nature of transaction | Amount | Amount |
|----------------------------------|---------------|--------------------|
| Advances received by the company | | 1,70,00.00 |
| | | 1,70,000.00 |

6. The Board considered restatement of the current assets at realizable values and found that the company could not realize the debtors and the advances which are outstanding for more than two years, even after efforts made to recover them. Debtors and advances to an extent of Rs.1,90,08,459 , are written off during the year. In the opinion of the Board, the carrying value of current assets, loans and advances that exist in the Balance Sheet are realizable at a value, which is at least equal to the amount, at which these are stated, in the ordinary course of business. Balances of sundry debtors, sundry creditors, loans and advances, and other parties are subject to independent confirmation from the respective parties.
7. Capital advances made to the extent of Rs 1,00,74,803 seem to be irrecoverable, hence they are written off.
8. There were no claims for the creditors for the past three years w.r.t the balances that are present in the Balance sheet of the company after duly reviewing the list of creditors the Board has decided to write off the creditors to an extent of Rs 43,98,122.

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9. Particulars of Capacities and Production:

| | Unit licensed | Installed | 2016-17 | | 2015-16 | |
|---------------|---------------|-----------|-------------------------|-------|------------|-------|
| | | | Production/ Purchase | Sales | Production | Sales |
| Bio Chemistry | Tests | 129 Lacs | NA | NIL | NIL | NIL |
| Immunology | Tests | 166 Lacs | NA | NIL | NIL | NIL |
| Elisa | Tests | 293 Lacs | NA | NIL | NIL | NIL |
| Traded Goods | NA | NA | NIL | NIL | NIL | NIL |

10. Segment reporting

| | Diagnostic Services | | CRO Services | | Total | |
|---------------------------------|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 16-17 Amount | 15-16 Amount | 16-17 Amount | 15-16 Amount | 15-16 Amount | 14-15 Amount |
| Revenue | 6.92 | 18.8 | 21.16 | - | 28.08 | 18.08 |
| Identifiable Operating Expenses | 6.45 | 17.82 | 65.57 | - | 72.02 | 17.82 |
| Segment Operating Income (A) | 0.47 | 0.26 | -44.4 | - | -43.93 | 0.26 |
| Other Income (B) | | | | - | 48.22 | 16.91 |
| Total Income (A+B) | | | | | 4.29 | 17.16 |
| Unallocable Expenses | | | | | -1,972.12 | -2,171.00 |
| Net Profit Before Tax | | | | | -1,967.83 | -2,153.84 |

11. Auditor's Remuneration

| Particulars | 2016-17 | 2015-16 |
|-----------------------|-----------------|-----------------|
| As Statutory Auditors | 1,00,000 | 1,00,000 |
| For Taxation matters | 50,000 | 50,000 |
| | 1,50,000 | 1,50,000 |

12. Earnings Per Share

| Particulars | 2016-17 | 2015-16 |
|--|----------------|----------------|
| a) Profit attributable to the Equity Share Holders | (19,67,83,236) | (21,53,83,906) |
| b) Weighted Average Number of equity shares at the end of the year | | |
| -Basic | 75,770,000 | 75,770,000 |
| -Diluted | 75,770,000 | 75,770,000 |
| c) Earning per Equity Share of Rs.10/- each | | |
| -Basic | (2.60) | (2.84) |
| -Diluted | (2.60) | (2.84) |

**13. Remuneration to directors for the year ended 31.03.2017**

(Amount in Rs. Lakhs)

| Particulars | 2016-17 | 2015-16 |
|---------------------------------------|--------------|--------------|
| Salaries and Other Allowances | | |
| Mr. S S Das | 18.00 | 18.00 |
| Mr. Sarang Puranik | 10.80 | 10.80 |
| Contribution to Provident fund | | |
| Mr. S S Das | 0.04 | 0.21 |
| Mr. Sarang Puranik | 0.04 | 0.21 |
| | 28.88 | 29.22 |

14. Expenditure in Foreign Currency:

| Particulars | 2016-17 | 2015-16 |
|--------------------------------|---------|-----------|
| Fee for Technical Services | NIL | Rs.35,408 |
| Lead Manager fee for GDR Issue | NIL | NIL |

15. Particulars in Earnings in Foreign Currency : Rs. 8,66,411 (13200 USD)

16. CIF Value of Imports : NA

17. Details of opening stock, closing stock, purchase and sales for the year ended March 31:

| Particulars | UOM | 2017 | 2016 | 2017 | 2016 |
|---------------|-----|----------|------|----------|----------|
| | | Quantity | | Value | |
| Opening Stock | Kgs | NIL | NIL | 6,54,043 | 6,61,543 |
| Purchases | Kgs | NIL | NIL | NIL | NIL |
| Sales | Kgs | NIL | NIL | NIL | 7,500 |
| Closing Stock | Kgs | NIL | NIL | 6,54,043 | 6,54,043 |

18. Periodically the Company evaluates all customers due to the company for collectables. The need for provisions is assessed based on the various factors including collectables of specific dues, risk perceptions of the industry in which the customers operate, and general economic factors, which could affect the customer's ability to settle.

19. There are no transactions in the subsidiary and in the view of hardship involved, the accounts have not been audited and have been stated at which they have been stated in the previous year.

20. Notes forming integral part of the Balance Sheet and Profit & Loss Account have been duly authenticated.

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21. Disclosure on Specified Bank notes (SBN):

(Amounts in Rs.)

| Particulars | SBNs | Other Denomination notes | Total |
|---------------------------------------|------|--------------------------|--------|
| Closing cash in hand as on 08.11.2016 | NIL | 277 | 277 |
| (+) Permitted Receipts | NIL | 54,000 | 54,000 |
| (-) Permitted Payments | NIL | 52,847 | 52,847 |
| (-) Amount Deposited in Banks | NIL | NIL | NIL |
| Closing cash in hand as on 30.12.2016 | NIL | 1,430 | 1,430 |

As per our report attached
For Gopal & Rajan
Chartered Accountants
Firm Registration No.

For and on behalf of the board of Directors
Transgene Biotek Limited

Sd/-
K.Goutham Subbaiah
Partner
Membership No:203237

Sd/-
Dr. K. Koteswara Rao
Managing Director

Sd/-
Sarang Puranik
Director

Place: Hyderabad
Date: 14/08/2017



Independent Auditors' Report (Consolidated)

TO,
THE MEMBERS OF
TRANSGENE BIOTEK LIMITED AND ITS SUBSIDIARY

Report on the Financial Statements

We have audited the attached Consolidated Balance Sheet of M/s TRANSGENE BIOTEK LIMITED ('the Company') and its subsidiary, which comprise the Consolidated Balance Sheet as at March 31, 2017, Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date and a summary of Significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the position, financial performance and cash flows of the company in accordance with the accounting standards notified under the Companies Act, 2013 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

We did not audit the financial statements of the subsidiary, whose financial statements reflect their share of total assets of Rs.10,989.04 Lakhs as on 31st March, 2017. Further, an amount of Rs.10,988.19 Lakhs was given as Advances for development of technology by the Overseas Subsidiary Company out of GDR proceeds during the earlier year(s), which was not covered by our audit. During the year the books of Hong Kong branch of the company were not audited by the auditors since the auditors were not appointed for the year. Consequently, we are unable to express an opinion whether the consolidated financial statements, to the extent mentioned above, show a true and fair view of the state of affairs, loss and cash flows respectively.

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

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

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appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

Since we have not received audit report of Transgene Biotek HK Limited we are unable to express an opinion on the consolidated financial statements of Transgene Biotek Limited for the FY 2016-17.

- i) In the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at 31st March, 2017; and
- ii) In the case of the Consolidated Statement of Profit and Loss, of the consolidated Loss for the year ended on that date;
- iii) In the case of the Consolidated Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For GOPAL & RAJAN

Chartered Accountants

Firm Regn No.000953S

Sd/-

CA.K.GOUTHAM SUBBIAH

Partner

M. No.203237

Date: 14 August 2017

Place: Hyderabad



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2017

(All amounts in Indian rupees, except share data and where otherwise stated)

| Particulars | Notes | As at 31st March 2017 | As at 31st March 2016 |
|-------------------------------------|-------|-----------------------|-----------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholder's Funds | | | |
| Share Capital | 2 | 757,700,000 | 757,700,000 |
| Reserves and Surplus | 3 | -167,205,966 | 986,738,325 |
| Non-Current Liabilities | | | |
| Long-term borrowings | 4 | 64,097,618 | 63,383,618 |
| Long term provisions | 5 | 1,208,786,442 | 1,208,786,442 |
| Current Liabilities | | | |
| Short-term borrowings | 6 | 95,744,698 | 89,447,066 |
| Trade payables | 7 | 5,393,071 | 8,447,110 |
| Other current liabilities | 8 | 16,161,702 | 15,361,546 |
| Total Equity and Liabilities | | 1,980,677,565 | 3,129,864,107 |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | 9 | | |
| (i) Tangible assets | | 31,384,706 | 34,589,982 |
| (ii) Intangible assets | | 580,252,138 | 1,374,914,446 |
| Capital work-in-progress | | 2,890,306 | 2,890,306 |
| Long term loans and advances | 10 | 1,340,904,757 | 1,363,007,035 |
| Other non-current assets | 11 | 17,476,633 | 319,885,400 |
| Current assets | | | |
| Inventories | 12 | 654,043 | 654,043 |
| Trade receivables | 13 | 139,572 | 16,350,627 |
| Cash and cash equivalents | 14 | 516,141 | 294,433 |
| Short-term loans and advances | 15 | 6,459,269 | 17,277,834 |
| Total Assets | | 1,980,677,565 | 3,129,864,107 |

Note: The notes referred to above are an integral part of the Balance Sheet.

As per our report attached

For Gopal & Rajan
Chartered Accountants
Firm Registration No.000953S

For and on behalf of the board of Directors
Transgene Biotek limited

Sd/-
K.Goutham Subbaiah
Partner
Membership No:203237

Sd/-
Dr. K. Koteswara Rao
Managing Director

Sd/-
Sarang Puranik
Director

Place: Hyderabad
Date: 14/08/2017

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CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2017

(All amounts in Indian rupees, except share data and where otherwise stated)

| Particulars | Notes | As at 31st March 2017 | As at 31st March 2016 |
|---|-------|--------------------------|--------------------------|
| INCOME | | | |
| Revenue from operations | 16 | 2,808,467 | 1,815,384 |
| Other Income | 17 | 4,822,122 | 1,683,000 |
| Total Income | | 7,630,590 | 3,498,384 |
| EXPENSES | | | |
| Cost of materials consumed | 18 | - | 7,500 |
| Purchase of Traded goods | 19 | - | - |
| (Increase)/decrease in finished stock | 20 | - | - |
| Employee benefit expenses | 21 | 5,542,300 | 6,815,268 |
| Financial costs | 22 | 723,285 | 731,028 |
| Depreciation and amortization expenses | 23 | 175,271,419 | 205,023,453 |
| Other expenses | 24 | 22,876,821 | 6,305,040 |
| Total Expenses | | 204,413,825 | 218,882,290 |
| Profit before exceptional and extraordinary items and tax | | -196,783,236 | (215,383,906) |
| Exceptional and extraordinary items | | - | - |
| Profit before extraordinary items and tax | | -196,783,236 | (215,383,906) |
| Extraordinary items | | - | - |
| Prior Period Expenditure/(Income) | | - | - |
| Profit before tax | | -196,783,236 | (215,383,906) |
| Tax expense: | | | |
| Current tax expenses | | - | - |
| Deferred tax charge / (credit) | | - | - |
| Profit for the period | | -196,783,236 | (215,383,906) |
| Earnings per Equity Share (Equity shares of par value Rs. 10 each) | | | |
| Basic | | -2.60 | -2.84 |
| Diluted | | -2.60 | -2.84 |
| Number of shares used in computing earnings per share | | | |
| Basic | | 75,770,000 | 75,770,000 |
| Diluted | | 75,770,000 | 75,770,000 |

Note: The notes referred to above are an integral part of the Balance Sheet.

As per our report attached

For Gopal & Rajan

Chartered Accountants

Firm Registration No.000953S

Sd/-

K.Goutham Subbaiah

Partner

Membership No:203237

For and on behalf of the board of Directors

Transgene Biotek limited

Sd/-

Dr. K. Koteswara Rao

Managing Director

Sd/-

Sarang Puranik

Director

Place: Hyderabad

Date: 14/08/2017



CONSOLIDATED CASH FLOW STATEMENT

| Particulars | As at 31st March 2017 | | As at 31st March 2016 | |
|---|--------------------------|---------------|--------------------------|---------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Net Profit Before Tax | | (196,783,236) | | (215,383,906) |
| Adjustments for : | | | | |
| Depreciation | 175,271,419 | | 205,023,453 | |
| Interest and Finance charges | 723,285 | | 731,028 | |
| Exchange rate difference from Invest abroad | | | 65,450,122 | |
| Debtors Written off | 17,989,756 | | | |
| Supplier Advances Written off | 974,153 | | | |
| Creditors Written off | (4,398,374) | | | |
| Operating Profit before working Capital changes | | 190,560,239 | | 271,204,604 |
| Adjustments for : | | (6,222,997) | | 55,820,698 |
| Decrease / (Increase) in Receivables | (1,778,701) | | 147,621,577 | |
| Decrease / (Increase) in Inventories | - | | 7,500 | |
| Decrease / (Increase) in other current assets | (230,391) | | 397,893 | |
| Increase / (Decrease) in payables | 1,344,335 | | (147,599,812) | |
| Increase / (Decrease) in Provisions and Other liabilities | 7,118,747 | | 8,461,305 | |
| Cash generated from operations | | 6,453,990 | | 8,888,463 |
| Less : Direct Taxes paid | | 230,993 | | 64,709,161 |
| Net Cash from Operating Activities | | - | | - |
| CASH FLOW FROM INVESTING ACTIVITIES | | 230,993 | | 64,709,161 |
| Purchase of fixed assets | | | - | |
| Product development expenditure | | | - | |
| Capital advances and Investments | | | (64,700,063) | |
| Interest received | | | - | |
| Net Cash from Investing Activities | | - | | (64,700,063) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Proceeds from issue of GDRs / Equity Shares | | | - | |
| Repayment of Working Capital Term Loan | | | - | |
| Proceeds / (repayment) Long term borrowings | | | - | |
| Interest Paid | (9,285) | | (16,050) | |
| Net Cash from Financing Activities | | (9,285) | | (16,049) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | 221,708 | | (6,952) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | | 294,433 | | 301,385 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | | 516,141 | | 294,433 |

NOTE :

- 1) Figures in brackets indicate cash outgo
- 2) The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard-3 notified under the Companies Act, 2013
- 3) Significant Accounting Policies and other Notes to Accounts form an integral part of the Cash Flow Statement.
- 4) Previous year figures have been regrouped/reclassified wherever necessary to confirm to current year classification vide our report of even date.

Note: The notes referred to above are an integral part of the Balance Sheet.

As per our report attached

For Gopal & Rajan
Chartered Accountants
Firm Registration No.000953S

Sd/-
K.Goutham Subbaiah
Partner
Membership No:203237

For and on behalf of the board of Directors
Transgene Biotech limited

Sd/-
Dr. K. Koteswara Rao
Managing Director

Sd/-
Sarang Puranik
Director

Place: Hyderabad
Date: 14/08/2017

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Notes to financial statements for the Year ended 31st March 2017

(All amounts in Indian rupees, except share data and where otherwise stated)

2. SHARE CAPITAL

| PARTICULARS | As at 31st March 2017 | | As at 31st March 2016 | |
|--|-----------------------|--|-----------------------|--|
| Authorised : | | | | |
| Equity Shares (7,60,00,000 Shares of Rs.10 each) | 760,000,000 | | 760,000,000 | |
| (Previous year 7,60,00,000 equity shares) | 760,000,000 | | 760,000,000 | |
| Issued, subscribed and paid-up : | | | | |
| Equity Shares | | | | |
| (7,57,70,000 shares of Rs.10 each fully paid up) | 757,700,000 | | 757,700,000 | |
| (Previous year 7,57,70,000 equity shares) | | | | |
| Share Application Money | - | | - | |
| | 757,700,000 | | 757,700,000 | |

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

In the event of the liquidation of the Company, the holders of shares shall be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However no such preferential amounts exists currently. The amount distributed will be in proportion to the number of equity shares held by the shareholders

The reconciliation of the number of equity shares outstanding is set out below:

| PARTICULARS | As at 31st March 2017 | | As at 31st March 2016 | |
|--|-----------------------|--------------------|-----------------------|--------------------|
| | Number of Shares | Amount | Number of Shares | Amount |
| Shares outstanding at the beginning of year | 75,770,000 | 757,700,000 | 75,770,000 | 757,700,000 |
| Shares outstanding at the end of the year | 75,770,000 | 757,700,000 | 75,770,000 | 757,700,000 |

The details of shareholder holding more than 5% equity shares is set below:

| Name of the Shareholders | As at 31st March 2017 | | As at 31st March 2016 | |
|---------------------------------|-----------------------|-------------------|-----------------------|-------------------|
| | Number of shares | % of Shareholding | Number of shares | % of Shareholding |
| Dr. K. Koteswara Rao | 16,427,902 | 21.68% | 16,427,902 | 21.68% |
| Polavarapu vikram | 8,732,171 | 11.52% | 8,732,171 | 11.52% |
| The Bank of New york Mellon, DR | 6,270,000 | 8.28% | 6,270,000 | 8.28% |

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares



3. RESERVES AND SURPLUS

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|---|------------------------------|------------------------------|
| Security Premium account : | | |
| Balance brought forward | 1,388,092,501 | 1,388,092,501 |
| Additions during the year | | - |
| | 1,388,092,501 | 1,388,092,501 |
| Less: Expenses incurred for issue of securities | | - |
| Closing balance at the end of the year | 1,388,092,501 | 1,388,092,501 |
| Capital Reserve | | |
| Balance Brought forward | 891,265,401 | 891,265,401 |
| Additions during the year | (818,791,499) | - |
| Closing balance at the end of the year | 72,473,902 | 891,265,401 |
| Warrants Forfeiture reserves | | |
| Balance brought forward | 12,250,000 | 12,250,000 |
| Additions during the year | | - |
| Closing balance at the end of the year | 12,250,000 | 12,250,000 |
| Exchange Translation Reserve | | |
| Balance brought forward | 316,253,460 | 316,253,460 |
| Additions/(Decrease) during the year | (138,369,556) | - |
| Closing balance at the end of the year | 177,883,904 | 316,253,460 |
| Profit & Loss account | | |
| Balance brought forward | (1,621,123,037) | (1,386,225,815) |
| Add : Profit during the year | (196,783,236) | (215,383,906) |
| Add: Decrease in Retained Earnings | | |
| Due to revision of Depreciation | | (19,513,317) |
| Closing balance in P & L Account | (1,817,906,273) | (1,621,123,037) |
| | (167,205,966) | 986,738,325 |

4. LONG TERMS BORROWINGS

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|---|------------------------------|------------------------------|
| Term Loan from Dept. Bio technology, Ministry of Science and Technology, Govt. of India | 45,676,879 | 44,962,879 |
| Working Capital Term Loan from UBI | 18,420,739 | 18,420,739 |
| | 64,097,618 | 63,383,618 |

* Term Loans are secured by first pari passu charge on all the present and future fixed assets both movable and immovable property of the Company

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** Term loan from Department of Bio Technology (DBT), Ministry of Science and Technology are secured by the whole of movable and immovable properties acquired from the loan sanctioned by the DBT under SIBIRI scheme

*** Interest is not provide on the term loan obtained from UBI

5. LONG TERM PROVISIONS

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|---|------------------------------|------------------------------|
| Provision for Employees Retirement Benefits | 411,958 | 411,958 |
| Provision for Fringe Benefit Tax | 58,368 | 58,368 |
| Income Tax provision earlier years | 56,102,138 | 56,102,138 |
| Provision for Investments | 1,152,213,978 | 1,152,213,978 |
| | 1,208,786,442 | 1,208,786,442 |

6. SHORT TERM BORROWINGS

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|--|------------------------------|------------------------------|
| Loans repayable on demand from parties | | |
| From related parties | 48,960,414 | 47,025,709 |
| From others | 46,784,285 | 42,421,357 |
| | 95,744,698 | 89,447,066 |

7. TRADE PAYABLES

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|---|------------------------------|------------------------------|
| Dues of Micro and Small Enterprises | - | - |
| Dues other than Micro and Small Enterprises | 5,393,071 | 8,447,110 |
| | 5,393,071 | 8,447,110 |

8. OTHER CURRENT LIABILITIES

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|-----------------------|------------------------------|------------------------------|
| Other Payables | 13,535,529 | 12,656,747 |
| Statutory Liabilities | 2,626,173 | 2,704,798 |
| | 16,161,702 | 15,361,546 |



SCHEDULE 9. FIXED ASSETS UPTO 31ST MARCH 2017

| Sl. No | PARTICULARS | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | |
|--------|--|----------------------|---------------------------------------|----------------------|--------------------|-----------------------------------|-----------------------|--------------------|----------------------|----------------------|
| | | As at 31.03.2016 | Additions/ (Deletion) during the Year | As at 31.03.2017 | Up to 31.03.2016 | Depreciation for the on Deletions | Year ended 31.03.2017 | Up to 31.03.2017 | As at 31.03.2017 | As at 31.03.2016 |
| | | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | |
| 1 | Land | 2,008,003 | - | 2,008,003 | - | - | - | - | 2,008,003 | 2,008,003 |
| 2 | Building | 36,335,703 | - | 36,335,703 | 20,443,625 | 324,904 | 20,768,529 | 15,567,174 | 15,892,078 | 15,892,078 |
| 3 | Buildings temporary | 64,917 | - | 64,917 | 61,671 | - | 61,671 | 3,246 | 3,246 | 3,246 |
| 4 | Computers | 1,726,618 | - | 1,726,618 | 1,640,287 | - | 1,640,287 | 86,331 | 86,331 | 86,331 |
| 5 | Electrical Equipments | 9,361,148 | - | 9,361,148 | 8,648,460 | 166,308 | 8,814,768 | 546,380 | 712,688 | 712,688 |
| 6 | Furniture | 1,635,361 | - | 1,635,361 | 1,553,593 | - | 1,553,593 | 81,768 | 81,768 | 81,768 |
| 7 | Office Equipments | 20,253,144 | - | 20,253,144 | 18,019,335 | 1,221,152 | 19,240,487 | 1,012,657 | 2,233,809 | 2,233,809 |
| 8 | Plant & Machinery | 84,885,199 | - | 84,885,199 | 71,344,189 | 1,492,912 | 72,837,101 | 12,048,098 | 13,541,010 | 13,541,010 |
| 9 | Vehicles | 619,389 | - | 619,389 | 588,339 | - | 588,339 | 31,050 | 31,050 | 31,050 |
| | Total (A) | 156,889,482 | - | 156,889,482 | 122,299,499 | 3,205,276 | 125,504,775 | 31,384,706 | 34,589,983 | 34,589,983 |
| | Intangible Assets | | | | | | | | | |
| 1 | Intellectual Property Rights | 996,700,000 | (996,700,000) | - | 299,010,000 | 75,093,836 | 374,103,836 | - | 697,690,000 | 697,690,000 |
| 2 | Technology | 930,118,554 | - | 930,118,554 | 252,894,108 | 96,972,308 | 338,795,419 | 580,252,138 | 677,224,446 | 677,224,446 |
| | Capital Work in Progress- Buildings(B) | 2,890,306 | - | 2,890,306 | - | - | - | 2,890,306 | 2,890,306 | 2,890,306 |
| | Total (B) | 1,929,708,860 | (996,700,000) | 933,008,860 | 551,904,108 | 172,066,144 | 712,899,255 | 583,142,444 | 1,377,804,752 | 1,377,804,752 |
| | Total (A+B) | 2,086,598,342 | (996,700,000) | 1,089,898,342 | 674,203,607 | 175,271,420 | 838,404,030 | 614,527,150 | 1,412,394,735 | 1,412,394,735 |

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10. NON CURRENT INVESTMENTS

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|--|-----------------------|-----------------------|
| (Unsecured, considered good except stated Otherwise) | | |
| Advance for acquiring for Technologies/ Patents/ Know-how | 233,452,253 | 233,452,253 |
| Earnest Money Deposit with Govt/ Other authorities | 8,632,750 | 8,632,750 |
| Advance towards acquisition of Capital Assets & Technical Know How | 1,098,819,754 | 1,120,922,032 |
| | 1,340,904,757 | 1,363,007,035 |

11. OTHER NON-CURRENT ASSETS

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|--|-----------------------|-----------------------|
| (Unsecured, considered good except stated Otherwise) | | |
| Product Development Expenditure | - | 302,408,768 |
| Technology Development cost | 17,476,633 | 17,476,633 |
| | 17,476,633 | 319,885,401 |

12. INVENTORIES

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|---|-----------------------|-----------------------|
| (Value at lower of cost and net realizable value) | | |
| Raw Material and Consumables | 514,328 | 514,328 |
| Finished Goods | 139,715 | 139,715 |
| | 654,043 | 654,043 |

13. TRADE RECIVABLES

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|--|-----------------------|-----------------------|
| (Unsecured, considered good except stated Otherwise) | | |
| Debts outstanding for a period exceeding six months from the date they are due for payment | 136,872 | - |
| Other Debts | 2,700 | 16,350,627 |
| | 139,572 | 16,350,627 |



14. CASH AND CASH EQVALENTS

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|--------------------------------|------------------------------|------------------------------|
| Cash on Hand | 1,107 | 7,061 |
| Balance with Schedule Banks | | |
| In current accounts | 514,336 | 256,676 |
| In deposit accounts | 698 | 698 |
| Balance with Non Schedule Bank | - | 30,000 |
| | 516,142 | 294,435 |

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|---|------------------------------|------------------------------|
| Balance with Banks in current accounts | | |
| Axis Bank Ltd - 911020057235469 | 485,475 | 44,768 |
| Axis Bank Ltd - 913020044397910 | | - |
| Bank of India -Nidadavolu | 10,725 | 179,718 |
| Bank of India -Tadepalligudem | 10,500 | 4,054 |
| Indus Ind Bank | | 10,500 |
| Union Bank of India | | 7,636 |
| Yes Bank | | 10,000 |
| | 506,700 | 256,676 |
| In deposit accounts | | |
| Union Bank of India (SIBRI) | | 698 |
| | - | 698 |
| Balance with Non Scheduled Banks | | |
| HSBC | | 30,000 |
| Investic Bank (USA) | | - |
| | - | 30,000 |
| | 506,700 | 287,375 |

15. SHORT TERM LOANS AND ADVANCES

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|------------------------------|------------------------------|------------------------------|
| Unsecured, Considered good | | |
| Capital Advance | - | 6,677,303 |
| Rent Deposits | 50,000 | 50,000 |
| Advance to Suppliers | 4,922,975 | 9,263,703 |
| CENVAT Credit Recievable | 195,602 | 162,037 |
| With Holding Tax Receivables | 1,230,614 | 1,065,264 |
| VAT Credit Recievable | 60,078 | 59,527 |
| Other receivables | | - |
| | 6,459,269 | 17,277,834 |

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16. REVENUE FROM OPERATIONS

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|---|-----------------------|-----------------------|
| Diagnostic Services | 692,027 | 1,807,884 |
| Sales of Products (Net of Taxes and Duties) | 2,116,440 | 7,500 |
| | 2,808,467 | 1,815,384 |

17. OTHER INCOME

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|------------------------------|-----------------------|-----------------------|
| Facility Rental Charges | 208,000 | 1,683,000 |
| Rental Income | 216,000 | |
| Sale of Assets (TBL Centers) | - | |
| Creditors Written Off | 4,398,122 | |
| | 4,822,122 | 1,683,000 |

18. COST OF MATERIAL CONSUMED

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|---|-----------------------|-----------------------|
| Opening Stock | 514,328 | 521,828 |
| Add: Purchases | - | - |
| | 514,328 | 521,828 |
| Less: Closing Stock | 514,328 | 514,328 |
| | - | 7,500 |
| Less: Material Consumed for Product Development | - | - |
| | - | 7,500 |

19. PURCHASE OF TRADED GOODS

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|---------------------|-----------------------|-----------------------|
| Opening Stock | - | - |
| Add: Purchases | - | - |
| Less: Closing Stock | - | - |
| | - | - |

20. (INCREASE)/DECREASE IN FINISHED GOODS

| PARTICULARS | As at 31st March 2016 | As at 31st March 2015 |
|--|-----------------------|-----------------------|
| Traded, Raw material and Finished Goods Inventories at the end of the year | | |
| Traded Goods | - | - |
| Finished Goods | 139,715 | 139,715 |
| Raw material and Consumables | - | - |
| | 139,715 | 139,715 |
| Inventories at the beginning of the year | | |
| Raw material and Consumables | - | - |
| Finished Goods | 139,715 | 139,715 |
| | 139,715 | 139,715 |
| | - | - |

**21. EMPLOYEE BENEFIT EXPENSES**

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|--|------------------------------|------------------------------|
| Salaries, wages and bonus | 5,391,039 | 6,297,620 |
| Contribution to provident fund and other funds | 127,829 | 255,559 |
| Gratuity expenses | | - |
| Leave Encashment expenses | | - |
| Staff welfare expenses | 23,432 | 262,089 |
| | 5,542,300 | 6,815,268 |

22. FINANCIAL COSTS

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|--|------------------------------|------------------------------|
| Interest to Banks and Financial institutions | 714,000 | 714,978 |
| Bank charges | 9,285 | 16,050 |
| | 723,285 | 731,028 |

23. DEPRECIATION AND AMORTIZATION EXPENSE

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|--|------------------------------|------------------------------|
| Depreciation as per IX note | 175,271,419 | 205,023,453 |
| Depreciation transferred to Product Development exp. | | - |
| | 175,271,419 | 205,023,453 |

24. OTHER EXPENSES

| PARTICULARS | As at 31st March 2017 | As at 31st March 2016 |
|--------------------------------------|------------------------------|------------------------------|
| Power and Fuel | 1,160,534 | 1,024,634 |
| Rates, Taxes and Fees | 261,980 | 530,096 |
| Printing and Stationery | 114,051 | 56,439 |
| Postage and Telephone | 60,353 | 147,396 |
| Legal and Professional charges | 917,454 | 2,076,070 |
| Remuneration to Auditors | 150,000 | 185,048 |
| Rebate and Discounts | 14,470 | 45,535 |
| Travelling, Transport and Conveyance | 21,966 | 276,891 |
| Vehicle maintenance and hire charges | - | 50 |
| Advertisement | 71,785 | 149,184 |
| Listing Fee | 379,734 | |

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| | | |
|---|-------------------|------------------|
| Repairs & Maintenance | 61,072 | 161,916 |
| Lab Maintenance - Diagnostic Centres | 75,168 | 244,851 |
| Lab Maintenance | 28,798 | 22,538 |
| Office Maintenance | 39,580 | 172,154 |
| Bank Balances Written Off | 40,000 | - |
| Debtors Written Off | 18,968,459 | - |
| Business promotion expenses-HO | 179,104 | 486,301 |
| Business Promotion expenses-Lab Service Centres | 275,133 | 698,844 |
| Misc. Expenses | 28,838 | 27,094 |
| Interest on Statutory payments | 28,343 | - |
| | 22,876,821 | 6,305,040 |

As per our report attached
For Gopal & Rajan
Chartered Accountants
Firm Registration No.

For and on behalf of the board of Directors
Transgene Biotek limited

Sd/-
K. Goutham Subbaiah
Partner
Membership No:203237

Sd/-
Dr. K. Koteswara Rao
Managing Director

Sd/-
Sarang Puranik
Director

Place: Hyderabad
Date: 14/08/2017



1. SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

The accompanying financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accruals basis. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India (ICAI), the provisions of the Companies Act, 2013 and guidelines issued by the Securities and Exchange Board of India. Accounting policies have been consistently applied and management evaluates all recently issued or revised accounting standards on an ongoing basis.

1. FIXED ASSETS AND DEPRECIATION:

Fixed Assets are stated at cost of acquisition, less accumulated depreciation and impairment losses, if any. The cost of the assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for intended use and other incidental expenses incurred up to that date.

The company follows straight line method of depreciation through which it writes off the cost of the assets over their useful lives based on evaluation.

2. REVENUE RECOGNITION

Revenue for the company is in the form of Research and Development services to external agencies, Renting of Facilities and Land, and Medical diagnostic services. Revenue from sales from Research and Development is recognized on formal acceptance by the agency, Renting of the Facilities and Land is on monthly accrual on a specific due date as determined in the agreements. Revenue from the medical diagnostic centre is recognized on service to the patient.

3. INVENTORIES

Raw Materials/Inventory - At Cost or the net realizable value whichever is less.

Cost is determined on a First in First out basis.

Finished Goods - At cost or net realizable value whichever is less.

4. PRODUCT DEVELOPMENT EXPENDITURE & INTELLECTUAL PROPERTY RIGHTS

The Board has decided to write off the Product Development cost for the expenditure incurred towards certain products which did not materialize in the successful development of those intended products hence considered as not possessing any commercial value. The internally developed technology cost will be capitalized and written off over a period of the expected useful life of the respective products after obtaining commercial license/commencement of commercial production of the same.

Product Development with carrying value, as mentioned above, amounting to Rs 30,24,08,768 is written off during the year.

Intellectual properties with a carrying value of Rs.62,25,96,125 written off during the year.

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5. RETIREMENT BENEFITS

- A) The Company is contributing to the Employees Provident fund maintained under the Employees Provident Fund Scheme by the Central Government.
- B) Leave encashment is not provided during the year.
- C) No provision is made towards the gratuity of employees.

6. INTERNALLY GENERATED INTANGIBLE ASSETS

Direct and indirect costs incurred during planning stage, and on operational activities charged to revenue in the year in which it has incurred.

Direct cost incurred on application & infrastructure development, design and content development stages are capitalized if and only if (i) it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and (ii) the cost of the asset can be measured reliably. Indirect cost incurred during application, infrastructure, development stage are charged to revenue.

7. EARNINGS PER SHARE

In determining earnings per share, the company considers the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares outstanding during the year.

8. CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the company are segregated. Cash flows in foreign currencies are accounted at average monthly exchange rates that approximate the actual rates exchange prevailing at the dates of the transactions.

9. INCOME-TAX

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

B. NOTES FORMING PART OF THE ACCOUNTS

- 1. Previous year figures have been regrouped and reclassified, wherever necessary according to the groupings and classifications are made for the current financial year.
- 2. Contingent Liabilities are not provided for in respect of



| Particulars | 2016-17 | 2015-16 |
|---|----------------|----------------|
| (i) Customs Duty Demands disputed by the Company | 59.37 | 59.37 |
| (ii) Claims against the company not acknowledged as debts | 40.00 | 40.00 |

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

During the year the Company had received notice u/s 263 from the Principal Commissioner of the Income Tax for the Assessment year 2012-13 for which the company has filed its arguments. The case has been set aside by the Commissioner and a fresh notice has been served by the department on this regard for which the company is presenting its Arguments and the result is yet to be known.

3. The Department of Biotechnology has sanctioned a loan amount of Rs.4.07 crores under Small Business Innovative Research Initiative (SBIRI) scheme for the novel technology upgradation for Orlistat production, for which a charge against movable and immovable assets acquired from utilization of the said loan amount has been created. An amount of Rs 49,76,879 is demanded by SIBRI towards interest for which a provision has been made .
4. The company has made 100% provision for the investment made in the Transgene Biotek HK Limited (Subsidiary) for Rs. 92,20,09,728/-. Further, 100% provision is made against payment made to M/s. Symetric Sciences Inc utilized out of GDR proceeds. This is without prejudice to the company's claim in this regard. However, the management has approached various investigative agencies in Singapore, Hong Kong and Switzerland for investigating the illegal transfer of funds from its accounts at Investec Bank, Zurich and Standard Chartered Bank, Singapore apart from the main accused people and for recovery of lost funds through available channels.
5. The following are the Related Party Disclosures as per the AS-18 as notified under the Companies Act 2013.

A) Key managerial personnel:

Dr. K.Koteswara Rao : Managing Director

B) Relatives of key managerial personnel:

K.Lakshmidhar Rao : Son of Managing director
 K.Nirmala Rao : Wife of Managing director
 K. Srinivasa Rao : Son of Managing Director

C) Subsidiaries

Transgene Biotek HK Limited : Wholly owned subsidiary

TWENTY SIXTH ANNUAL REPORT 2016-17

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

Dr.K.K.Rao

| Nature of transaction | Amount | Amount |
|--|--------|--------------------|
| Advances received by the company | | 4,31,246.82 |
| Amounts spent on behalf of the company | | 23,006.00 |
| | | 4,54,252.00 |

K.Laxmidhar Rao

| Nature of transaction | Amount | Amount |
|--|--------------|--------------------|
| Advances received by the company | | 3,71,658.00 |
| Amounts spent on behalf of the company | | 1,84,858.00 |
| Amount repaid by the company | 5,000 | |
| | 5,000 | 5,56,516.00 |

K.Nirmala rao

| Nature of transaction | Amount | Amount |
|--|---------------|--------------------|
| Advances received by the company | | 38,436.00 |
| Amounts Spent on behalf of the Company | | 8,10,500.00 |
| Amount repaid by the company | 90,000 | |
| | 90,000 | 8,48,936.00 |

K.Srinivasa Rao

| Nature of transaction | Amount | Amount |
|----------------------------------|--------|--------------------|
| Advances received by the company | | 1,70,00.00 |
| | | 1,70,000.00 |

- The Board considered restatement of the current assets at realizable values and found that the company could not realize the debtors and the advances which are outstanding for more than two years, even after efforts made to recover them. Debtors and advances to an extent of Rs.1,90,08,459 , are written off during the year. In the opinion of the Board, the carrying value of current assets, loans and advances that exist in the Balance Sheet are realizable at a value, which is at least equal to the amount, at which these are stated, in the ordinary course of business. Balances of sundry debtors, sundry creditors, loans and advances, and other parties are subject to independent confirmation from the respective parties.
- Capital advances made to the extent of Rs 1,00,74,803 seem to be irrecoverable, hence they are written off.
- There were no claims for the creditors for the past three years w.r.t the balances that are present in the Balance sheet of the company after duly reviewing the list of creditors the Board has decided to write off the creditors to an extent of Rs 43,98,122.



9. Particulars of Capacities and Production:

| | Unit licensed | Installed | 2016-17 | | 2015-16 | |
|---------------|---------------|-----------|-------------------------|-------|------------|-------|
| | | | Production/ Purchase | Sales | Production | Sales |
| Bio Chemistry | Tests | 129 Lacs | NA | NIL | NIL | NIL |
| Immunology | Tests | 166 Lacs | NA | NIL | NIL | NIL |
| Elisa | Tests | 293 Lacs | NA | NIL | NIL | NIL |
| Traded Goods | NA | NA | NIL | NIL | NIL | NIL |

10. Segment reporting

| | Diagnostic Services | | CRO Services | | Total | |
|---------------------------------|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 16-17 Amount | 15-16 Amount | 16-17 Amount | 15-16 Amount | 15-16 Amount | 14-15 Amount |
| Revenue | 6.92 | 18.8 | 21.16 | - | 28.08 | 18.08 |
| Identifiable Operating Expenses | 6.45 | 17.82 | 65.57 | - | 72.02 | 17.82 |
| Segment Operating Income (A) | 0.47 | 0.26 | -44.4 | - | -43.93 | 0.26 |
| Other Income (B) | | | | - | 48.22 | 16.91 |
| Total Income (A+B) | | | | | 4.29 | 17.16 |
| Unallocable Expenses | | | | | -1,972.12 | -2,171.00 |
| Net Profit Before Tax | | | | | -1,967.83 | -2,153.84 |

11. Auditor's Remuneration

| Particulars | 2016-17 | 2015-16 |
|-----------------------|-----------------|-----------------|
| As Statutory Auditors | 1,00,000 | 1,00,000 |
| For Taxation matters | 50,000 | 50,000 |
| | 1,50,000 | 1,50,000 |

12. Earnings Per Share

| Particulars | 2016-17 | 2015-16 |
|--|----------------|----------------|
| a) Profit attributable to the Equity Share Holders | (19,67,83,236) | (21,53,83,906) |
| b) Weighted Average Number of equity shares at the end of the year | | |
| -Basic | 75,770,000 | 75,770,000 |
| -Diluted | 75,770,000 | 75,770,000 |
| c) Earning per Equity Share of Rs.10/- each | | |
| -Basic | (2.60) | (2.84) |
| -Diluted | (2.60) | (2.84) |

TWENTY SIXTH ANNUAL REPORT 2016-17

13. Remuneration to directors for the year ended 31.03.2017

(Amount in Rs. Lakhs)

| Particulars | 2016-17 | 2015-16 |
|---------------------------------------|--------------|--------------|
| Salaries and Other Allowances | | |
| Mr. S S Das | 18.00 | 18.00 |
| Mr. Sarang Puranik | 10.80 | 10.80 |
| Contribution to Provident fund | | |
| Mr. S S Das | 0.04 | 0.21 |
| Mr. Sarang Puranik | 0.04 | 0.21 |
| | 28.88 | 29.22 |

14. Expenditure in Foreign Currency:

| Particulars | 2016-17 | 2015-16 |
|--------------------------------|---------|-----------|
| Fee for Technical Services | NIL | Rs.35,408 |
| Lead Manager fee for GDR Issue | NIL | NIL |

15. Particulars in Earnings in Foreign Currency : Rs. 8,66,411 (13200 USD)

16. CIF Value of Imports : NA

17. Details of opening stock, closing stock, purchase and sales for the year ended March 31:

| Particulars | UOM | 2017 | 2016 | 2017 | 2016 |
|---------------|-----|----------|------|----------|----------|
| | | Quantity | | Value | |
| Opening Stock | Kgs | NIL | NIL | 6,54,043 | 6,61,543 |
| Purchases | Kgs | NIL | NIL | NIL | NIL |
| Sales | Kgs | NIL | NIL | NIL | 7,500 |
| Closing Stock | Kgs | NIL | NIL | 6,54,043 | 6,54,043 |

18. Periodically the Company evaluates all customers due to the company for collectables. The need for provisions is assessed based on the various factors including collectables of specific dues, risk perceptions of the industry in which the customers operate, and general economic factors, which could affect the customer's ability to settle.

19. There are no transactions in the subsidiary and in the view of hardship involved, the accounts have not been audited and have been stated at which they have been stated in the previous year.

20. Notes forming integral part of the Balance Sheet and Profit & Loss Account have been duly authenticated.

21. Disclosure on Specified Bank notes (SBN):

(Amounts in Rs.)

| Particulars | SBNs | Other Denomination notes | Total |
|---------------------------------------|-------------|---------------------------------|--------------|
| Closing cash in hand as on 08.11.2016 | NIL | 277 | 277 |
| (+) Permitted Receipts | NIL | 54,000 | 54,000 |
| (-) Permitted Payments | NIL | 52,847 | 52,847 |
| (-) Amount Deposited in Banks | NIL | NIL | NIL |
| Closing cash in hand as on 30.12.2016 | NIL | 1,430 | 1,430 |

As per our report attached
For Gopal & Rajan
Chartered Accountants
Firm Registration No.

For and on behalf of the board of Directors
Transgene Biotek Limited

Sd/-
K.Goutham Subbaiah
Partner
Membership No:203237

Sd/-
Dr. K. Koteswara Rao
Managing Director

Sd/-
Sarang Puranik
Director

Place: Hyderabad
Date: 14/08/2017

TRANSGENE BIOTEK LIMITED

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

PROXY FORM

Regd. Folio No. / DPID – Client ID No. _____

I/We _____ of _____ in the district of _____ being a member / members of Transgene Biotek Limited hereby appoint _____ of _____ in the district of _____ or failing him/her _____ of _____ in the district of _____ as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Friday, the September 29, 2017 at 11.00 A.M. at the Board Room Hall (1st Floor) of Hotel Lounge, (above Laxmi Hyundai show room) Madinaguda, Miyapur, Hyderabad (Tel No: 040-65553456 or 5453456), Sangareddy District

Signed this _____ day of _____ 2017.

Signature

Affix
1 Rupee
Revenue
Stamp

Signature of Shareholder/s

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

TRANSGENE BIOTEK LIMITED

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

ATTENDANCE SLIP

Regd. Folio No. / DPID – Client ID No. _____

SHAREHOLDER’S NAME: _____
(in Block Capitals)

In case of Proxy
NAME OF PROXY: _____
(in Block Capitals)

No. of Shares held _____

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

I hereby record my presence at the Annual General Meeting of the Company held on Friday, the September 29, 2017 at 11.00 A.M. at the Board Room Hall (1st Floor) of Hotel Lounge, (above Laxmi Hyundai show room) Madinaguda, Miyapur, Hyderabad (Tel No: 040-65553456 or 65453456), Sangareddy District

Signature of Shareholder/s / Proxy

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

**Form No. MGT- 12
POLLING PAPER**

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

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

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

CIN: L85195TG1990PLC011065

BALLOT PAPER

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

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

| S. No | Item No. | No of Shares held by me | I assent to the resolution | I dissent from the resolution |
|-------|---|-------------------------|----------------------------|-------------------------------|
| 1. | Adoption of Audited Accounts and Reports thereon for the financial year ended 31st March 2017. | | | |
| 2. | Re-Appointment Sri Sarang Puranik Subhash as director of the Company | | | |
| 3. | Appointment of M/s Lakshmi & Associates, Chartered Accountants as statutory Auditors of the Company | | | |
| 4. | Re-Appointment of Dr K. Koteswara Rao As Chairman & Managing Director of the Company | | | |
| 5. | Assignment of License to Olympus Biosolutions for marketing of Oral Protein delivery platform | | | |

Place:

Date:

(Signature of the shareholder)



TRANSGENE BIOTEK LIMITED

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**TRANSGENE
BIOTEK LIMITED**
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Regd. Office: Plot No. 68, 69 & 70, Anrich Industrial Area,
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www.transgenebiotek.com