



**R. KANKARIA & UTTAM SINGHI**  
CHARTERED ACCOUNTANTS

6-3-1090/C-4,  
RAJ BHAVAN ROAD,  
ABOVE ANDHRA BANK,  
HYDERABAD – 500 082.  
☎. 040-23308988.

### **Independent Auditor's Report**

**To the Members of  
JC Biotech Private Limited**

#### ***Report on the Financial Statement***

We have audited the accompanying financial statements of **JC Biotech Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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



An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has a place an adequate financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31.03.2017 and its profit and its cash flows for the year ended on that date.

### **Emphasis of Matters**

We draw attention to –

Note No. 24 (B) (ii) The company has changed the method of depreciation from straight line to written down value method on Factory Building, Office Equipment, Furniture & Fixtures, Vehicles & Computers in line with its holding company (AETL) and accordingly, Profit is decreased by Rs.63,46,061.

Note No. 24 (B) (iii) The Company has changed the method of Valuation of Inventory in line with its holding company (AETL), for raw material, stores & spares, coal & Fuel, Packing material from weighted average to First In First Out (FIFO) method and accordingly, profit has decreased by Rs.5,41,259/-.

Our opinion is not modified in respect of above matter.

### **Report on Other Legal & Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure - 'A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

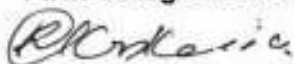
2. As required by section 143(3) of the Act, we report that:

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;



- b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) the Balance Sheet, Statement of Profit and Loss 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 Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) on the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 of the Companies Act, 2013
- f) With respect to the adequacy of Internal Financial Controls over Financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure - B" ; and
- g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit & Auditors) Rule, 2014, in our opinion and to the best of our information & according to the explanations given to us:
  - i. The Company does not have any pending litigations as at 31.03.2017 which would impact its financial position.
  - ii. The Company did not have any long term contracts including derivative contracts as at 31.03.2017 for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note No. 24 (B) (xvi).

**For R Kankaria & Uttam Singhi**  
**Chartered Accountants**  
**Firm's Registration No. 000442S**



**Rajendra Kanakaria**  
**Partner**  
**Membership No.022051/ICAI**



**Place: Hyderabad**  
**Date: 20.05.2017**



**R. KANKARIA & UTTAM SINGHI**  
CHARTERED ACCOUNTANTS

6-3-1090/C-4,  
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#### ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 1 under the head "Report on other legal & regulatory requirements" of our report of even date.

- i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. All the Fixed assets have been physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c. As per the documents verified by us and explanation given to us, the Title Deeds of immovable properties are held in the name of the company.
- ii). The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. No material discrepancies have been noticed on physical verification of stocks as compared to book records.
- iii). The company has not granted any loans secured or unsecured, to companies, firms, Limited Liability Partnership or other parties who are covered in the register maintained under section 189 of Companies Act, 2013, accordingly Clause (iii a),(iii b ) and (iii c) of Paragraph 3 of the Order are not applicable.
- iv) According to the information and explanations given to us, the Company has not granted any loans, guarantees and security and made investments, as per section 185 & 186 of the Companies Act, 2013
- v) According to the information and explanations given to us, the Company has not accepted any deposits from the public as per the directives issued by the Reserve Bank of India and as per the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. Company is having the balance outstanding of Rs.4,64,72,793/- (Including interest) [Previous Year Rs. 5,94,05,000/- (including Share application money of Rs. 30,00,000/-)] from Companies, directors, members and their relatives & associates. Maximum balance outstanding at any time during the year is Rs.10,17,47,793/-(Previous Year Rs.6,62,80,000/-).
- vi) The Central Government has not prescribed for the maintenance of cost records under section 148(1) of the Companies Act, 2013.



- vii) (a) According to the information & explanations given to us, none of the undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and any other Statutory Dues were outstanding as at last day of the financial year concerned for a period of more than six months.
- (b) According to the information & explanations given to us, there is no dues in respect of disputed amount to be deposited in respect of Sales Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax as on 31<sup>st</sup> March, 2017 except the followings:

Name of the Statute	Nature of dues	Period to which the amount relates	Amount (Rs.)	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	A.Y. 2013-14	3,70,800/-	Commissioner of Income Tax (Appeal)
Income Tax Act, 1961	Income Tax	A.Y. 2014-15	21,68,040/-	Commissioner of Income Tax (Appeal)

- viii) According to the information and explanations given to us, the company has not defaulted in repayment of loans or borrowing to the financial institutions, bank, government or dues to debenture holders.
- ix) In our opinion, and according to the information and explanations given to us, the company has raised money by way of term loans and has applied for the purpose for which it was raised, company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year.
- x) According to the information and explanations given to us, no fraud by the Company or any fraud on the company by its officers/employees has been noticed or reported during the course of our audit.
- xi) According to the information and explanations given to us, the Company has paid and provided managerial remuneration during the year as per the provisions of Section 197 read with Schedule V to the Companies Act.
- xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, Clause (xii) of Paragraph 3 of the Order is not applicable.
- xiii) According to the information and explanations given to us, all transactions with the related party are in compliance with section 177 & 188 of Companies Act, 2013 and the same has been disclosed in financial statements as required by the Accounting Standards.
- xiv) According to the information and explanations given to us, the company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year.





- xv) According to the information and explanations given to us, the company has not entered into Non Cash Transactions with directors or persons connected with him during the year.
- xvi) According to the information and explanations given to us, company is not required to be registered under section 45-IA of Reserve Bank of India.

Place: Hyderabad  
Date : 20.05.2017



For R. Kankaria & Uttam Singhi  
Chartered Accountants  
Firm Regl. No. 000442S

A handwritten signature in black ink, appearing to read "Rajendra Kankaria".

Rajendra Kankaria  
Partner  
Membership No. 022051/ICAI.



**R. KANKARIA & UTTAM SINGHI**  
CHARTERED ACCOUNTANTS

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## **Report on Internal Financial Controls Over Financial Reporting**

### **Annexure “B” to the Independent Auditor’s Report of even date on the Financial Statements of JC Biotech Private Limited**

#### **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 JC Biotech Private Limited (“the Company”) as of March 31, 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. 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.

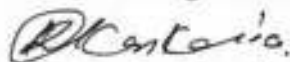
#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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 R Kankaria & Uttam Singhi**  
**Chartered Accountants**  
**Firm's Registration No. 000442S**



**Rajendra Kanakaria**  
**Partner**

**Membership No.022051/ICAI**



**Place: Hyderabad**

**Date: 20.05.2017**



**JC BIOTECH PRIVATE LIMITED**

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2017**

PARTICULARS	NOTE NO.	AS AT 31-03-2017	AS AT 31-03-2016
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Shareholder's Funds</b>			
Share Capital	1	204412000	204412000
Reserves and Surplus	2	33441547	27224658
Share Application Money		0	3000000
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	3	75874574	159739509
Deferred Tax Liabilities (Net)	4	11003862	9636955
Long Term Provisions	5	933415	0
<b>Current Liabilities</b>			
Short-Term Borrowings	6	51822586	2502466
Trade Payables	7	14949497	61194091
Other Current Liabilities	8	93593584	38385551
Short-Term Provisions	9	0	5454236
<b>Total</b>		<b>486031065</b>	<b>511549466</b>
<b><u>ASSETS</u></b>			
<b>Non-Current Assets</b>			
<i>Fixed Assets</i>	10		
Tangible Assets		399234955	384228035
Long Term Loans and Advances	11	21849957	21728067
<b>Current Assets</b>			
Inventories	12	31139909	71414666
Trade Receivables	13	857405	29465978
Cash And Cash Equivalents	14	10278309	2037981
Short-Term Loans And Advances	15	10683608	2397345
Other Current Assets	16	11986922	277394
<b>Total</b>		<b>486031065</b>	<b>511549466</b>

**Accounting Policies & Notes To Accounts**

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As per our report of even date attached.

For R. Kankaria & Uttam Singhi  
Chartered Accountants  
Firm Regi. No.: 000442S

Rajendra Kankaria  
Partner  
Membership No. :022051/ICAI

Place : Hyderabad  
Date : 20.05.2017

For And On Behalf Of The Board

S.Chandra Sekhar  
Managing Director  
DIN No. 00159543

B.Naveen Krishna  
Executive Director  
DIN No. 07137132

Prabal Bardiya  
Company Secretary

Piyush Chandrakant Rathi  
Director  
DIN No. 00366347

B Krishna Mohan Rao  
Chief Financial Officer

**JC BIOTECH PRIVATE LIMITED**

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31-03-2017**

<b>PARTICULARS</b>	<b>NOTE NO.</b>	<b>FOR THE YEAR ENDED 31.03.2017</b>	<b>FOR THE YEAR ENDED 31.03.2016</b>
<b>CONTINUING OPERATIONS</b>			
<b>Revenue from operations</b>			
Sales Revenue (Gross)	17	449895428	441666017
Less: Duties & Taxes		<u>55887818</u>	<u>52809867</u>
		394007610	388856150
Other Income	18	14045389	596294
<b>Total Revenue</b>		<b>408052999</b>	<b>389452444</b>
<b>Expenses:</b>			
Cost Of Materials Consumed	19	145347915	153553613
Changes In Inventories	20	43376743	22651202
Employee Benefit Expenses	21	51911942	33443929
Financial Costs	22	17992737	24916986
Depreciation Expenses	10	27525358	20530560
Other Expenses	23	113624381	104994818
<b>Total Expenses</b>		<b>399779076</b>	<b>360091108</b>
<b>Profit Before Tax</b>		<b>8273923</b>	<b>29361336</b>
<b>Tax Expense:</b>			
Current Tax		1576596	5986439
Previous Year Tax		690126	310657
MAT Credit Entitlement		-1576596	-5986439
Deferred Tax		<u>1366907</u>	<u>4513723</u>
		<b>2057033</b>	<b>4824380</b>
<b>Profit/(Loss) For The Period</b>		<b>6216889</b>	<b>24536956</b>
<b>XVI. Earning Per Equity Share:</b>			
Basic & Diluted		<b>0.30</b>	<b>1.20</b>
<b>Accounting Policies &amp; Notes To Accounts</b>	<b>24</b>		

As per our report of even date attached.

For R. Kankaria & Uttam Singhi  
Chartered Accountants

Firm Regl. No.: 000442S

Rajendra Kankaria  
Partner

Membership No. :022051/ICAI

Place : Hyderabad

Date : 20.05.2017

For And On Behalf Of The Board

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B Krishna Mohan Rao  
Chief Financial Officer

**JC BIOTECH PRIVATE LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017**

PARTICULARS	FOR THE YEAR ENDED 2017	FOR THE YEAR ENDED 2016
	(RS.)	(RS.)
<b>A CASH FLOW FROM OPERATIONS</b>		
Net Profit Before Tax	8273923	29361336
<b>Adjustments for:</b>		
Depreciation	27525358	20530560
Interest Expenses	13164439	18195137
Interest Income	-517478	-322024
<b>Operating Profit Before Working Capital Changes</b>	<b>48446242</b>	<b>67765009</b>
<b>Adjustments for:</b>		
Sundry Debtors	28608573	-9790606
Inventories	40274757	19627503
Loans and Advances	-15853280	-8047506
Trade Payables, Current Liabilities & Provisions	9896854	-45327819
	62926904	-43538428
Cash Generated From Operations	111373146	24226581
Income Tax Paid	-10408763	-3654315
<b>Net Cash Flow From Operating Activities</b>	<b>100964383</b>	<b>20572266</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	-42532278	-22181987
Interest Received	517478	322024
<b>Net Cash Used in Investing Activities</b>	<b>-42014800</b>	<b>-21859963</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Borrowings	-83864935	96649251
Proceeds from Working Capital/Short Term Borrowings	49320120	-64823184
Proceeds from Issue of Share Capital	0	0
Proceeds from Share Application Money	-3000000	-12080630
Interest paid	-13164439	-18195137
<b>Net Cash Used in Financing Activities</b>	<b>-50709254</b>	<b>1550300</b>
Net Increase in Cash and Cash Equivalents	8240328	262603
Cash and Cash equivalents at the beginning of the period	2037981	1775378
Cash and Cash equivalents at the end of the period	10278309	2037981

**NOTES:**

- 1 The above cash flow statement has been prepared by using the indirect method as per Accounting Standard 3 - on Cash Flow Statements as defined in Accounting Standards notified under Companies (Accounting Standards) Rules, 2006.
- 2 Previous year's figures have been regrouped wherever necessary.

As per our report of even date attached.

For R. Kankaria & Uttam Singhi

Chartered Accountants

Firm Regl. No.: 0004428

Rajendra Kankaria

Partner

Membership No. :022051/ICAI

Place : Hyderabad

Date : 20.05.2017

For And On Behalf Of The Board

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Managing Director

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Company Secretary

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Director

DIN No. 00305347

B Krishna Mohan Rao

Chief Financial Officer

**JC BIOTECH PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENT**

**NOTES : 1 SHARE CAPITAL**

PARTICULARS	AS AT 31/03/2017	AS AT 31/03/2016
<b>AUTHORIZED CAPITAL</b>		
21,000,000 Equity Shares of Rs. 10/- each with voting rights,	210000000	210000000
<b>ISSUED , SUBSCRIBED &amp; FULLY PAID UP CAPITAL</b>		
20,441,200 Equity Shares of Rs. 10/- each, Fully Paid up with voting rights	204412000	204412000
<b>Total</b>	<b>204,412,000</b>	<b>204,412,000</b>

**1.1 RECONCILIATION OF NUMBER OF SHARES:**

PARTICULARS	AS AT 31/03/2017	AS AT 31/03/2016
Number of Equity Shares at the beginning	20441200	20441200
Add: Number of Shares Issued	0	0
Shares issued during the year	0	0
Number of Equity Shares at the end	20441200	20441200

**1.2 DETAILS OF SHARES HELD BY EACH SHAREHOLDERS HOLDING MORE THAN 5% SHARES**

CLASS OF SHARES / NAME OF SHAREHOLDERS	NUMBER OF SHARES HELD 3/31/2017	% OF HOLDING IN THAT CLASS OF SHARES	NUMBER OF SHARES HELD 3/31/2016	% OF HOLDING IN THAT CLASS OF SHARES
Equity Shares with Voting Right				
Advanced Enzyme Technologies Ltd.	14310000	70.01%	0	0.00%
S.Chandra Sekhar	4231200	20.70%	5617200	27.48%
Greenpath Energy Pvt. Ltd.	0	0.00%	2850000	13.94%
Pasura Farm Tek Pvt. Ltd.	0	0.00%	1290000	6.31%

**NOTES : 2 RESERVES & SURPLUS**

PARTICULARS	AS AT 31/03/2017	AS AT 31/03/2016
<b>Surplus -Profit &amp; Loss Account</b>		
Opening Balance	27224658	2687702
Add: Profit for the year	6216889	24536956
Closing Balance	33441547	27224658
<b>Total</b>	<b>33441547</b>	<b>27224658</b>

For JC BIOTECH PRIVATE LIMITED

*Naveen K. Bondalapati*  
B. NAVEEN KRISHNA  
Executive Director



For JC BIOTECH PVT. LTD.

*S. Chandra Sekhar*  
S. CHANDRA SEKHAR  
Managing Director

**JC BIOTECH PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENT**

**NOTES :3 LONG TERM BORROWINGS**

PARTICULARS	AS AT 31/03/2017	AS AT 31/03/2016
Secured Asset Backed Loan from State Bank of India	0	80544981
Secured Drop Line Overdraft from YES Bank Limited	10520000	0
Secured Term Loan from YES Bank Limited	46666667	0
Secured Loan from Biotechnology Industry Research Assistance Council (SIBIRI/BIRAC - DBT)	17792000	22240000
Interest accrued on Term Loan - SIBIRI DBT	895907	549528
Unsecured Loan		
Inter Corporate Deposits	0	44525000
From Directors & their Relatives	0	11880000
	0	56405000
<b>Total</b>	<b>75874574</b>	<b>159739509</b>

3.1 The Term Loan and Drop Line Overdraft from Yes Bank is secured by way of Hypothecation on current assets and movable assets of the company and deed of mortgage on immovable properties of the company.

3.2 The Term Loan and Drop Line Overdraft from Yes Bank is further secured by the personal guarantee of Mr.S Chandrashekhar, Managing Director of the company.

3.3 Advance Enzyme Technologies Ltd., the holding company has given the letter of comfort to YES Bank for availing the credit facility of Rs. 20.10 Crores.

3.4 The Creation of charge with ROC, Hyderabad in favour of Yes Bank is yet to be filed.

3.5 The Asset Backed Loan from State Bank of India is secured by way of equitable mortgage of Factory Land & Building admeasuring 30 Acres at Growth Center - Ongole, Gundlapalli Village Maddipadu Mandal, Prakasham Dist. and first charge on plant & machinery and on all current assets of the company.

3.6 Asset Backed Loan facility is further secured by the personal guarantee of Mr. S Chandra Sekhar(Director) and Mr. P Prasanth Kumar and Mr A Arvind Kumar.

3.7 Term Loan from Biotechnology Industry Research Assistance Council (BIRAC/SBIRI) is secured by way of Hypothecation of Assets acquired for the project sanctioned by BIRAC/SBIRI

3.8 Details regarding the Long Term Loan

Name	Amount of Loan Taken	Rate of Interest	Tenor	No of Installment	Amount of Installment	Date of Maturity
Yes Bank Term Loan	70000000	9.25%	36 Months	12 Quarterly	5833333	3/31/2020
Yes Bank DLOD	81000000	9.25%	60 Months	60 Monthly	1415000	3/31/2022
(SIBIRI/BIRAC - DBT)	22240000	Upto Rs.100 Lakhs - 1%, Balance Rs.150 Lakhs -2%	5 Years	10 Half Yearly	2224000	5/5/2022

**NOTES : 4 DEFERRED TAX LIABILITIES (NET)**

PARTICULARS	AS AT 31/03/2017	AS AT 31/03/2016
Deferred Tax Liabilities/(Assets)	9636955	5123232
Add: Current Year	1368907	4513723
	11003862	9636955
<b>Total</b>	<b>11003862</b>	<b>9636955</b>

For JC BIOTECH PRIVATE LIMITED

*Naveen K. Bandalapati*  
B. NAVEEN KRISHNA  
Executive Director

For JC BIOTECH PVT. LTD.

*S. Chandrashekhar*  
S. CHANDRA SEKHAR  
Managing Director





**JC BIOTECH PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENT**

**NOTES : 5 LONG TERM PROVISIONS**

PARTICULARS	AS AT 31/03/2017	AS AT 31/03/2016
Provisions for Employees Benefits:		
Provision for Gratuity	878235	0
Provision for Leave Encashment	55180	0
<b>Total</b>	<b>933415</b>	<b>0</b>

**NOTES : 6 SHORT TERM BORROWINGS**

PARTICULARS	AS AT 31/03/2017	AS AT 31/03/2016
Unsecured, Bill Discounting From SBI Global Factors Ltd.	0	2078376
Unsecured Loan		0
From NBFC	4096177	
From Others	1253616	424080
Loans repayable on demand - Unsecured		
From Directors	48472793	0
<b>Total</b>	<b>51822586</b>	<b>2502468</b>

**Details of Unsecured Loan Taken from Others**

Name	Amount of Loan Taken	Rate of Interest	Tenor	No of Installment	Amount of Installment	Date of Maturity
TATA CAPITAL FINANCIAL SERVICES LTD.	4026752	18.51%	24 Months	24 Monthly	202983	4/9/2018
MAGMA FINCORP	4094100	19.54%	18 Months	18 Monthly	227450	10/7/2017
BAJAJ FINSERV	253000	19%	12 Months	12 Monthly	233156	4/2/2017

**NOTES : 7 TRADE PAYABLES**

PARTICULARS	AS AT 31/03/2017	AS AT 31/03/2016
Total outstanding dues to micro and small enterprises (Also refer note below)		
Trade Payables - Raw Materials & Packing Material	3944806	14454387
Trade Payables - Consumables	33178	36023
Trade Payables -Stores & Spares	488596	1378615
	4466578	15869025
Total outstanding dues to others		
Trade Payables - Raw Materials & Packing Material	6563666	36163432
Trade Payables - Consumables	533212	2695936
Trade Payables -Stores & Spares	1111829	850088
Trade Payables - Expenses & Others	2274212	5614608
	10482919	45325066
<b>Total</b>	<b>14949497</b>	<b>61194091</b>

For JC BIOTECH PRIVATE LIMITED

*Naveen K. Boudalapati*  
B. NAVEEN KRISHNA  
Executive Director

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*S. Chandrasekhar*  
S. CHANDRA SEKHAR  
Managing Director



**JC BIOTECH PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENT**

7.1 Dues to micro, small and medium enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006

Principal amount remaining unpaid	4,466,578.00	15,869,025.00
Interest due thereon	-	-
Interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the period/year	-	-
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the period/year) but without adding the interest specified under MSMED Act, 2006	-	-
Interest accrued and remaining unpaid as at balance sheet date	-	-
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-
<b>Total</b>	<b>4,466,578.00</b>	<b>15,869,025.00</b>

7.2 The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of Micro and Small Enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMEDA). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2017 has been made in the financial statements based on information received and available with the company.

**NOTES : 8 OTHER CURRENT LIABILITIES**

PARTICULARS	AS AT 31/03/2017	AS AT 31/03/2016
Current Maturities of Long Term Debts - Secured		
- SBIRI-DBT - Term Loan	4448000	0
- State Bank of India - Asset Backed Loan	5827994	16980000
- YES Bank Limited - Term Loan	23333333	0
Sundry Creditors - Capital Goods	244017	4534307
Trade Payables - Statutory Payments	1661070	5102357
Other Payables	7873238	6490332
Accrued Interest on term loan/ABL/DLOD	661624	915326
Prepayment Charges Payable	1610076	0
Advance from Customers		
- From Holding Company	47918230	0
- From others	16002	4363229
<b>Total</b>	<b>93593584</b>	<b>38385551</b>

For JC BIOTECH PRIVATE LIMITED

*Naveen K. Boudalapati*  
**B. NAVEEN KRISHNA**  
 Executive Director

For JC BIOTECH PVT. LTD.

*S. Chandrasekhar*  
**S. CHANDRA SEKHAR**  
 Managing Director



JC BIOTECH PRIVATE LIMITED

NOTES : 10 FIXED ASSETS

PARTICULARS	GROSS BLOCK			ACCUMULATED DEPRECIATION				NET BLOCK		
	BALANCE AS AT 01.04.2016	ADDITIONS DURING THE YEAR	DISPOSAL/ ADJUSTMENT DURING THE YEAR	BALANCE AS AT 31.03.2017	BALANCE AS AT 01.04.2016	FOR THE YEAR	ELEMENATED ON DISPOSAL OF ASSETS	BALANCE AS AT 31.03.2017	BALANCE AS AT 31.03.2017	BALANCE AS AT 31.03.2016
<b>Tangible Assets</b>										
Land (Freehold)	20355065	0	0	20355065	0	-	0	0	20355065	20355065
Factory Building	95745521	792697	0	96538218	15584725	7851862	0	23436587	73101631	80160796
Plant and Equipment	334383941	40098460	0	374482401	66545328	16184632	0	82709960	291772441	267838613
Laboratory Equipments - R&D	7032326	122763	0	7155089	635755	682766	0	1318521	5836568	6396571
Electrical Installations & Equipments	11079725	693451	0	11773176	4000269	1257007	0	6257276	6515900	7079456
Furnitures & Fixtures	247174	46667	0	293841	82958	60764	0	143722	150119	164216
Motor Vehicles	2995725	0	0	2995725	1618945	743489	0	2362404	633321	1376780
Office Equipment	1337086	442100	0	1779186	1174184	192253	0	1386437	412749	162902
Computers	847860	336140	0	1184000	154225	572615	0	726840	457160	693635
<b>Total</b>	<b>474024424</b>	<b>42632278</b>	<b>0</b>	<b>516656702</b>	<b>89796388</b>	<b>27525358</b>	<b>0</b>	<b>117321746</b>	<b>399234956</b>	<b>384228035</b>
<b>Previous Year's Figures</b>	<b>451842437</b>	<b>22161987</b>	<b>0</b>	<b>474024424</b>	<b>19613273</b>	<b>20530580</b>	<b>0</b>	<b>89796388</b>	<b>384228035</b>	<b>356095715</b>

For JC BIOTECH PRIVATE LIMITED

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S. CHANDRASEKHAR  
Managing Director



**JC BIOTECH PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENT**

**NOTES : 9 SHORT TERM PROVISIONS**

PARTICULARS	AS AT 31/03/2017	AS AT 31/03/2016
Provisions for Income Tax		
Provision For Income Tax	0	5986439
Less: Income Tax Paid	0	532203
	0	5454236
<b>Total</b>	<b>0</b>	<b>5454236</b>

**NOTES : 11 LONG TERM LOANS & ADVANCES**

PARTICULARS	AS AT 31/03/2017	AS AT 31/03/2016
Unsecured considered good		
Capital Advances	1442924	3626730
Security Deposit	8670347	7941247
MAT Credit Entitlement	11736686	10160090
<b>Total</b>	<b>21849957</b>	<b>21728067</b>

**NOTES : 12 INVENTORIES**

PARTICULARS	AS AT 31/03/2017	AS AT 31/03/2016
Raw Material	12177825	8291355
Stock In Process	3190336	1316539
Finished Goods	13884958	59135508
Packing Materials	122066	129159
Stores & Spares	0	1853086
Fuel & Coal	1754714	689019
<b>Total</b>	<b>31139909</b>	<b>71414666</b>

12.1 Mode Of Valuation Of Inventories - Cost or Net realisable value whichever is lower

12.2 Closing stock of finished goods namely Pneumacandin B0 of 16.95 Kgs. was valued at Rs. 305 Lakhs as on 31.03.2016. The management has obtained test report from independent laboratory at the time of take over of the company by holding company for ascertaining the quality of the finished goods & accordingly the material is revalued at Rs. 50.40 Lakhs from 305 Lakhs due to deterioration of quality, which was mentioned in the share purchase agreement. Difference is provided in the books of the company.

**NOTES : 13 TRADE RECEIVABLES**

PARTICULARS	AS AT 31/03/2017	AS AT 31/03/2016
Unsecured, Considered Good :		
Outstanding For a period exceeding six months from the due date	857405	927020
Others	0	28538958
<b>Total</b>	<b>857405</b>	<b>29465978</b>

For JC BIOTECH PRIVATE LIMITED

*Naveen K. Bondalapati*  
**B. NAVEEN KRISHNA**  
 Executive Director

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*S. Chandrasekhar*  
**S. CHANDRA SEKHAR**  
 Managing Director



JC BIOTECH PRIVATE LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENT

**NOTES : 14 CASH & CASH EQUIVALENT**

PARTICULARS	AS AT 31/03/2017	AS AT 31/03/2016
Cash-in-Hand (Cash is certified by the management)	456010	1036628
Balances With Scheduled Banks In Current Account	9822299	1001353
<b>Total</b>	<b>10278309</b>	<b>2037981</b>

**NOTES : 15 SHORT TERM LOANS & ADVANCES**

PARTICULARS	AS AT 31/03/2017	AS AT 31/03/2016
Unsecured, Considered Good :		
Advances towards Raw Materials ,Stores & Spares	2610818	193589
Prepaid Expenses	590275	164339
CST Receivable	11461	11461
Cervat Credit Receivable	2513107	1057892
Service Tax Receivable	434803	527015
Income tax paid (Net of provision)	2700452	12647
Other Advances	1822892	430402
<b>Total</b>	<b>10683608</b>	<b>2397345</b>

**NOTES : 16 OTHER CURRENT ASSETS**

PARTICULARS	AS AT 31/03/2017	AS AT 31/03/2016
Subsidy Receivable	11521192	0
Interest Receivable - APSEB Deposit	465730	277394
<b>Total</b>	<b>11986922</b>	<b>277394</b>

For JC BIOTECH PRIVATE LIMITED

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S. CHANDRA SEKHAR  
Managing Director





**JC BIOTECH PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENT**

**NOTES : 17 SALES REVENUE**

PARTICULARS	FOR THE YEAR ENDED 31.03.2017	FOR THE YEAR ENDED 31.03.2016
Sales Revenue (Gross)	449895428	441686017
Less: Duties & Taxes	<u>55887818</u>	<u>52809867</u>
	394007610	388856150
<b>Total</b>	<u>394007610</u>	<u>388856150</u>

**17.1.Sale Comprises Of**

PARTICULARS	FOR THE YEAR ENDED 31.03.2017	FOR THE YEAR ENDED 31.03.2016
Manufactured Goods	393314710	376004300
Raw Material -Sales	<u>692900</u>	<u>12851850</u>
	394007610	388856150
	<u>394007610</u>	<u>388856150</u>

**NOTES : 18 OTHER INCOME**

PARTICULARS	FOR THE YEAR ENDED 31.03.2017	FOR THE YEAR ENDED 31.03.2016
Interest Income	517478	308216
Subsidy from Government	11521192	273760
Interest Income on FD	0	13808
Misc. Income	382	510
Chits Dividend Income	221960	0
Credit Balances Written Off	1784377	0
<b>Total</b>	<u>14045389</u>	<u>596294</u>

**NOTES : 19 COST OF MATERIAL CONSUMED**

PARTICULARS	FOR THE YEAR ENDED 31.03.2017	FOR THE YEAR ENDED 31.03.2016
<b>RAW MATERIAL CONSUMED</b>		
Opening Stock	8291354	5981390
Add: Purchases	<u>147606347</u>	<u>142949382</u>
	155897701	148930772
Less: Closing Stock	<u>12177825</u>	<u>8291355</u>
	143719876	140639417
<b>PACKING MATERIAL CONSUMED</b>		
Opening Stock	129159	224012
Add: Purchases	<u>958301</u>	<u>769138</u>
	1087460	993150
Less: Closing Stock	<u>122066</u>	<u>129159</u>
	965394	863991
<b>Cost of Raw Material Purchased</b>	662645	12050205
<b>Total</b>	<u>145347915</u>	<u>153553613</u>

For JC BIOTECH PRIVATE LIMITED

*Naveen K. Bondalapati*  
**B. NAVEEN KRISHNA**  
 Executive Director

For JC BIOTECH PVT. LTD,

*S. Chandra Sekhar*  
**S. CHANDRA SEKHAR**  
 Managing Director



**JC BIOTECH PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENT**

**NOTES : 20 CHANGE IN INVENTORIES**

PARTICULARS	FOR THE YEAR ENDED 31.03.2017	FOR THE YEAR ENDED 31.03.2016
<b>Opening Stock</b>		
Stock In Process	1316539	1783000
Finished goods	59135508	81320249
<b>Closing Stock</b>		
Stock In Process	3190336	1316539
Finished goods	13884968	59135508
<b>Variance in Stocks</b>	<u>43376743</u>	<u>22651202</u>

**NOTES : 21 EMPLOYEES BENEFITS EXPENSES**

PARTICULARS	FOR THE YEAR ENDED 31.03.2017	FOR THE YEAR ENDED 31.03.2016
Salaries & Wages	33210684	24788068
Directors Remuneration	4500000	3480000
Staff Welfare Expenses	433056	288480
Bonus	944378	0
Gratuity	5418368	0
Leave Encashment	1465546	0
Contribution to EPF	2668117	2042604
Contribution to ESIC	54653	0
Canteen Maintenance Expenses	3217140	2844777
<b>Total</b>	<u>51911942</u>	<u>33443929</u>

**NOTES : 22 FINANCIAL COSTS**

PARTICULARS	FOR THE YEAR ENDED 31.03.2017	FOR THE YEAR ENDED 31.03.2016
Interest Expenses on:		
- Term Loan	405763	8356334
- BIRAC/SBIRI - DBT	346379	309270
- Working Capital	2666	8337249
- ABL	9279527	1062912
- Others	3130104	129372
- Bill Discounting	2891344	5471857
Bill Discounting Charges	61270	105550
Processing Fee	191248	1014375
Bank Charges	1684436	130067
<b>Total</b>	<u>17992737</u>	<u>24916986</u>

For JC BIOTECH PRIVATE LIMITED

*Naveen K. Boudhalapati*  
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For JC BIOTECH PVT. LTD.

*S. Chandrasekhar*  
**S. CHANDRA SEKHAR**  
 Managing Director



**JC BIOTECH PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENT**

**NOTES : 23 OTHER EXPENSES**

PARTICULARS	FOR THE YEAR ENDED 31.03.2017	FOR THE YEAR ENDED 31.03.2016
<b>MANUFACTURING EXPENSES</b>		
Consumption of :		
Stores, Spares & Consumables	14673358	15132899
Fuel & Coal	16726163	15525100
Electricity Charges(Power)	46662198	42872373
Repairs & Maintenance - Building	937386	431201
Repairs & Maintenance - Plant & Machinery	2559152	1954443
Repairs & Maintenance - Others	139673	107174
Effluent Treatment Charges	1559	32192
Analyses & Testing Charges	2341460	599820
Technical Charges	135400	3180000
Factory Maintenance	2868008	3706369
Green Belt Maintenance	1243398	1121440
Generator Maintenance	0	1974916
Freight Inwards	939312	630194
	<b>89227067</b>	<b>87268121</b>
<b>ADMINISTRATION ,SELLING AND OTHER EXPENSES</b>		
Rent	660000	732000
Rates & Taxes	1579707	1864508
Travelling & Conveyance	2054217	308859
Research & Development Other Expenses	2608772	3956320
Research & Development Salaries & Bonus Expens	2565168	1898218
Audit fees	390000	275000
Printing & Stationery	435450	438959
Postage, Internet & Telephone	413657	299833
Legal & Professional Charges	1935575	994171
Vehicle Maintenance	2091718	1001938
Insurance	1129275	1037616
Selling & Distribution Expenses	3443288	2085579
Other Expenses	5090487	2833696
	<b>24397314</b>	<b>17726697</b>
<b>Total</b>	<b>113624381</b>	<b>104994818</b>

**NOTE: 24 DISCLOSURE OF ACCOUNTING POLICIES & NOTES ON ACCOUNTS**

**NOTES ON OPERATIONS**

JC Biotech Private Limited was incorporated on 31st December, 1991 in Hyderabad, Telangana. It has got the manufacturing facility in Prakasam district of Andhra Pradesh and is engaged in the manufacture of mainly Bio Pharmaceuticals through the process of aerobic fermentation.

**A SIGNIFICANT ACCOUNTING POLICIES**

**1 DISCLOSURE OF ACCOUNTING POLICIES**

The accounts are prepared in accordance with the accounting principles generally accepted in India & are in line with the guidelines prescribed by the Institute of Chartered Accountants of India .

**2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements are prepared under historical cost convention, on the accrual basis of accounting in accordance with the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India ( 'Indian GAAP') and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India.

*Naven K. Bondalapati*  
B. NAVEEN KRISHNA  
Executive Director

FOR JC BIOTECH PVT. LTD.  
*S. Chandrasekhar*  
S. CHANDRASEKHAR  
Managing Director



**JC BIOTECH PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENT**

**3 REVENUE RECOGNITION**

Revenues from the sale of goods are recognized upon passage of title to the customers which generally coincides with their delivery. Interest income is recognised using time proportion method. Dividend/Loss on chits is accounted on the basis of payment of installment.

**4 USE OF ESTIMATES**

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that effect the reported amount of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the reported amount of revenue & expenses for the year. The key estimates made by the company in preparing these financial statements comprise provision for expenses and provision for income taxes. Actual results could differ from those estimates.

**5 FIXED ASSETS**

Fixed assets are stated at cost of acquisition including any attributable cost for bringing asset to its working condition for its intended use, less VAT/CENVAT Credit availed and accumulated depreciation.

**6 IMPAIRMENT OF ASSETS**

Management periodically assesses using external & internal sources whether there is an indication that an asset is impaired. Impairment occurs where the carrying value exceeds the recoverable amount. The impairment loss which is excess of value carrying amount over the higher of assets net selling price or present value of future cash flows expected to arise from the continuing use of the assets and its eventual disposal is charged to the profit & loss account in the respective years.

**7 DEPRECIATION**

Depreciation on tangible assets has been provided on straight line method on Plant & Equipment, Laboratory Equipments-R&D, Electrical Installation and Written Down Value Method on Factory Building, Furniture & Fixtures, Motor Vehicles, Office Equipments and Computers on the basis of useful life's as prescribed in Schedule II to the Companies Act 2013 on pro rata basis.

**8 INVENTORIES**

Inventories of raw materials, packing materials, stores and spares, coal and fuel are valued at lower of cost and net realisable value. Cost is computed on FIFO method. Cost included purchase cost net of CENVAT credit availed and attributable expenses.

Finished Goods are valued at cost or net realisable value whichever is lower. Cost of finished goods and stock in process is determined by considering materials, labour and other related costs incurred in bringing the inventories to their present condition and location. Cost of finished goods and stock in process is determined on specific identification method.

**9 FOREIGN CURRENCY TRANSACTION**

Foreign Currency Transactions are accounted at the exchange rates prevailing on the date of the transaction. Gains and Losses resulting from realizations on account of exports and imports in foreign currency remaining unrealized/unpaid/unsettled at the year-end are recognized in the Profit & Loss Account.

**10 RESEARCH & DEVELOPMENT**

Research & Development costs (other than cost of fixed assets acquired) are charged as an expense in the year in which they are incurred and are reflected under the appropriate head of account.

**11 BORROWING COST**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of cost of such assets. A qualifying asset is one that necessarily take substantial period of time to get ready for intended use. Interest on funds utilized is recognized as revenue expense in the year in which they are incurred. All other borrowing costs are charged to the revenue account based on their use.

For JC BIOTECH PRIVATE LIMITED  
*Naveen K. Bandalapati*

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S. CHANDRASEKHAR  
Managing Director



**JC BIOTECH PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENT**

**12 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A Provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation. Contingent liabilities, if any are disclosed in the notes to accounts and are determined on the management perception that these liabilities are not likely to materialize. Contingent assets are not recognised or disclosed in the financial statements.

**13 TAXES ON INCOME**

**a. Current Tax Expense**

The current charge for income tax is calculated in accordance with the tax regulation.

**b. Deferred Tax Expense**

Provision for current tax is made considering various allowances and benefits available to the Company under Income tax law. In accordance with Accounting Standard AS 22 "Accounting for Taxes on Income" issued by Institute of Chartered Accountants of India. Deferred Taxes resulting from timing differences between book profits and tax profits are accounted for at the current rate of tax to the extent the time differences are expected to be crystallized.

**14 EMPLOYEE BENEFITS**

**Gratuity:** Gratuity is a defined benefit retirement plan and Gratuity is provided by the company as per the actuarial valuation carried out by the independent valuer. Company has made contribution towards gratuity benefit as per the policy taken from LIC.

**Leave Encashment:** Liability for Leave Encashment is provided by the company as per the actuarial valuation carried out by the independent valuer. Company has made contribution towards leave encashment as per the policy taken from LIC.

**15 GOVERNMENT GRANTS AND SUBSIDIES**

Government grants and subsidies from the government are recognised when there is reasonable certainty that the Grant/Subsidy received against an expenses are shown as other income.

**16 EARNINGS PER SHARE:**

The earnings considered in ascertaining the EPS comprises of the Net Profit after Tax. The number of shares used in computing EPS is the total number of shares comprised in the Paid up Share Capital of the company.

**17 OPERATING CYCLE:**

Based on the nature of products/activities of the company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of assets and liabilities as current and non-current.

**NOTE: 24**

**B NOTES ON ACCOUNTS**

**i Contingent Liability:**

PARTICULARS	YEAR ENDED 31.03.2017	YEAR ENDED 31.03.2016
a. Estimated amount of contract remaining to be executed on Capital account and not provided for, Net of Advances	2359363	2100000
b. Contingent Liability not provided for : Income Tax matters	2213540	0

For JC BIOTECH PRIVATE LIMITED

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*S. Chandra Sekhar*  
**S. CHANDRA SEKHAR**  
 Managing Director





**JC BIOTECH PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENT**

- ii The company has become a subsidiary of AETL w.e.f. 01.12.2016 and to prepared the financial statement in line with the holding company i.e. AETL the company has changed the method of depreciation from straight line to written down value method on Factory Building, Office Equipment, Furniture & Fixtures, Vehicles & Computers. Depreciation expense for the year as per old SLM method is Rs.30,74,892. and as per New WDV method is Rs. 94,20,953. Accordingly, depreciation is increased by Rs.63,46,061 & profit for the year is decreased by Rs.63,46,061.
- iii In order to align with the accounting policies of its holding company, the company has changed the method of valuation of inventory i.e., raw material, packing material, stores & Spares, and coal & fuel from weighted average to FIFO method Accordingly, profit of the company has decreased by Rs. 5,41,259/-.
- iv In the opinion of the Management and to the best of their knowledge and belief the value of the realization of Current Assets, loans and advances in the ordinary course of business would not be less than the amount of which they are stated in the Balance Sheet. The provision for depreciation and for all the known liabilities is adequate and not in excess of what is required.
- v The company has provided deferred tax liability of Rs. 13,66,907/- for the current year(Previous Year Rs. 45,13,723/-) as per the Accounting Standard 22. Breakup of deferred tax assets/liabilities and reconciliation of current year deferred tax charge/income are given below

PARTICULARS	As At 31.03.2016	Current Year	As At 31.03.2017
Derffered tax assets/(liabilities) arising on account of timing difference			
Depreciation	37888551	3740043	41628594
Unabosrbed Depreciation	-28251596	-2373136	-30624732
<b>Total</b>	<b>9636955</b>	<b>1366907</b>	<b>11003862</b>

vi Disclosure in respect of related parties pursuant to Accounting Standard 18:

(a) List of Related Party

Related parties with whom company entered into transactions during the year:

i) Holding Company

Advanced Enzyme Technologies Ltd.

ii) Key Managerial Personnel ('KMP')

Mr. S. Chandra Shekhar

Mr. B. Naveen Krishna

Mr. A. Arvind Kumar

Mr. B. Krishna Mohan Rao

iii) Related to Key Managerial Personal

Mr. B. Murali

(b) During the year, following transactions were carried out with related parties:

Nature Of Transaction	Holding Company Interested	Key Managerial Personnel Interested
<b>1.Sales Made (Net of Taxes &amp; Duties):</b> Advanced Enzyme Technologies Ltd. (from 01.12.2016 to 31.03.2017)	138464000	0
<b>2.Advance taken:</b> Advanced Enzyme Technologies Ltd. (Balance as on 31.03.2017)	47918230	0

For JC BIOTECH PRIVATE LIMITED

*Naveen K. Bondalapati*  
B. NAVEEN KRISHNA  
Executive Director



For JC BIOTECH PVT. LTD.

*S. Chandra Shekhar*  
S. CHANDRA SHEKHAR  
Managing Director

**JC BIOTECH PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENT**

<b>3.Unsecured Loan Taken</b>		
S. Chandra Shekhar	0	42500000
<b>4.Unsecured Loan Repaid</b>		
S. Chandra Shekhar	0	4630000
B. Naveen Krishna	0	1550000
A.Arvind Kumar	0	800000
B. Krishna Mohan Rao	0	1100000
B.Murali		1300000
<b>5.Managerial Remuneration</b>		
S. Chandra Shekhar	0	2400000
B. Naveen Krishna	0	2100000
<b>6. Interest on Unsecured Loans</b>		
S. Chandra Shekhar	0	1636437

(c ) Outstanding Balance as on 31.03.2017

Particulars	Holding Company	Key Managerial Personnel
<b>Other Current Liability-Advance from Customers:</b>		
Advanced Enzyme Technologies Ltd.	47918230	
<b>Short Term Borrowings- Unsecured Loans from Directors</b>		
S. Chandra Shekhar		46472793
<b>Current Liability- Payables for Expenses</b>		
S. Chandra Shekhar		153230
B. Naveen Krishna		108975
<b>Letter of comfort given to Yes Bank:</b>		
Advanced Enzyme Technologies Ltd.	201000000	

**vii Employee Benefits obligations :**

The Company has taken a group gratuity and leave encashment policy for its employees with the Life Insurance Corporation of India ( LIC). Under gratuity policy, the eligible employees are entitled to receive gratuity payments upon their resignation or death, whichever is earlier (subject to completion of 4.5 years of employment) in lumpsum after deduction of necessary taxes.

The following table sets out the status of the gratuity and leave encashment plan as required under Accounting Standard ( AS ) -15 - Employee benefits and the reconciliation of opening and closing balances of the present value of the defined benefit obligation.

	As at 31 March 2017		As at 31 March 2016	
	Gratuity Amount	Leave encashment Amount	Gratuity Amount	Leave encashment Amount
<b>Reconciliation of defined benefit obligation</b>				
Projected benefit obligation at the beginning of the year	-	-	-	-
Additional charge *	4,224,439	1,046,188	-	-
Service cost	222,837	101,913	-	-
Interest cost	337,995	81,305	-	-
Actuarial loss/(gain)	332,636	158,773	-	-
Benefits paid	-	-	-	-
Projected benefit obligation at the end of the year	<b>5,117,907</b>	<b>1,388,179</b>		

For JC BIOTECH PRIVATE LIMITED

*Naveen K. Boudhalapati*

B. NAVEEN KRISHNA  
Executive Director

For JC BIOTECH PVT. LTD.

*S. Chandra Shekhar*  
S. CHANDRA SHEKHAR  
Managing Director



**JC BIOTECH PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENT**

**Reconciliation of fair value of plan assets**

Plan assets at the beginning of the year	-	-	-	-
Expenses deducted from the fund	-	-	-	-
Expected return on plan assets	-	-	-	-
Actuarial gain/(loss)	-	-	-	-
Employer contributions	4,285,681	1,333,326	-	-
Additional charge *	(46,009)	(327)	-	-
Benefits paid	-	-	-	-
Plan assets at the end of the year	<u>4,239,672</u>	<u>1,332,999</u>	<u>-</u>	<u>-</u>

As at 31 March 2017		As at 31 March 2016	
Gratuity	Leave encashment	Gratuity	Leave encashment
Rs.	Rs.	Rs.	Rs.

**Reconciliation of present value of obligation  
and the fair value of plan assets**

Present value of projected benefit obligation at the e	5,117,907	1,388,179	-	-
Plan assets at the end of the year	<u>4,239,672</u>	<u>1,332,999</u>	<u>-</u>	<u>-</u>
Liability / (asset) recognised in the balance sheet	<u>878,235.00</u>	<u>55,180.00</u>	<u>-</u>	<u>-</u>

**Classification of liability recognised**

Non-current	878,235	55,180	-	-
Current	-	-	-	-
	<u>878,235</u>	<u>55,180</u>	<u>-</u>	<u>-</u>

**Net cost recognised in Statement of profit and loss**

Current service cost	222,837	101,913	-	-
Interest on obligation	337,995	81,305	-	-
Expected (returns)/ loss on plan assets	-	-	-	-
Net actuarial loss/(gain)	332,636	158,773	-	-
Expenses deducted from the fund	-	-	-	-
Additional charge *	4,224,439	1,046,188	-	-
	<u>5,117,907</u>	<u>1,388,179</u>	<u>-</u>	<u>-</u>

Note: The above expenses have been recognized under note 21

**Reconciliation of expected return and actual return on plan assets**

Expected return on plan assets	-	-	-	-
Actuarial gain on plan assets	-	-	-	-
Actual return on plan assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

For JC BIOTECH PRIVATE LIMITED

*Naveen K. Bandalapati*  
**B. NAVEEN KRISHNA**  
 Executive Director

For JC BIOTECH PVT. LTD.

*S. Chandrasekhar*  
**S. CHANDRA SEKHAR**  
 Managing Director



**JC BIOTECH PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENT**

**Table of experience adjustments**

Defined benefit obligation	-	-
Plan assets	-	-
Surplus/ (deficit)	-	-
Experience adjustment on plan liabilities	-	-
Actuarial loss/(gain) due to change in assumption	-	-
Experience adjustment on plan assets	-	-
Net actuarial loss/(gain) for the year	-	-

**Composition of the plan assets**

Policy of insurance	100%	100%
---------------------	------	------

**Assumptions used**

Discount rate	8.00%	8.00%
Rate of return on plan assets	8.00%	8.00%
Salary Escalation	10.00%	10.00%
Withdrawal rates	5% at younger ages reducing	
Leave availment rates	-	1% p.a.
Retirement age	60 years	

**Mortality rates**

As published under the Indian assured lives mortality (2006-08) table

**Age (in years)**

**Rates per annum**

20	0.09%
30	0.11%
40	0.18%
50	0.49%
60	1.15%

The Company assesses these assumptions with the projected long-term plans of growth and prevalent industry standards.

**Leave encashment short-term obligation**

As at 31 March 2017	As at 31 March 2016
Short term	Short term
Rs.	Rs.
(Audited)	(Audited)

Undiscounted value (provision) of obligation at the y-

**Net (asset) / liability**

As at 31 March 2017	As at 31 March 2016
Rs.	Rs.

Charge to Statement of profit and loss towards contribution to:

Superannuation	300,461
Leave Encashment	77,367
Provident fund	2,668,117

For JC BIOTECH PRIVATE LIMITED

*Naveen K. Boudalapati*  
 B. NAVEEN KRISHNA  
 Executive Director

For JC BIOTECH PVT. LTD.

*S. Chandrasekhar*  
 S. CHANDRA SEKHAR  
 Managing Director



**JC BIOTECH PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENT**

**viii Particulars of Remuneration to Directors:**

PARTICULARS	YEAR ENDED 31.03.2017	YEAR ENDED 31.03.2016
Managerial Remuneration		
- Managing Director	2400000	2400000
- Executive Director	2100000	1080000
<b>Total</b>	<b>4500000</b>	<b>3480000</b>

**ix Particulars of Remuneration to Auditors:**

PARTICULARS	YEAR ENDED 31.03.2017	YEAR ENDED 31.03.2016
Audit Fees	225000	225000
Tax Audit Fees	50000	50000
Certification & others	115000	0
<b>Total</b>	<b>390000</b>	<b>275000</b>

**x Particulars of Expenditure on Research & Development:**

PARTICULARS	YEAR ENDED 31.03.2017	YEAR ENDED 31.03.2016
Capital Expenditure		
Plant & Equipment	122763	4428187
Revenue expenditures		
Laboratory expenses and consumables	1845328	3616595
Employee benefit expenses	2565168	1898218
Repair and maintenance	416590	443742
Other expenses	346856	339725
	<u>5173940</u>	<u>6298280</u>
Less: Other non-operating income	<u>0</u>	<u>0</u>
	5173940	6298280
	<b>5173940</b>	<b>6298280</b>

**xi Consumption of Raw Material:**

PARTICULARS	YEAR ENDED 31.03.2017		YEAR ENDED 31.03.2016	
	Rs.	%	Rs.	%
Imported	6150234	4.23%	4230145	2.76%
Indegenious	139197681	95.77%	149323468	97.24%
<b>Total</b>	<b>145347915</b>	<b>100.00%</b>	<b>153553613</b>	<b>100%</b>

**xii Value of Import on CIF basis:**

PARTICULARS	YEAR ENDED 31.03.2017	YEAR ENDED 31.03.2016
Raw Materials	6150234	4230145
Stores & Spares	376532	3799694

For JC BIOTECH PRIVATE LIMITED

*Naveen K. Boudhalapati*  
B. NAVEEN KRISHNA  
Executive Director



For JC BIOTECH PVT. LTD.

*S. Chandra Sekhar*  
S. CHANDRA SEKHAR  
Managing Director



**JC BIOTECH PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENT**

**xiii Expenditure in Foreign Currency:**

PARTICULARS	YEAR ENDED 31.03.2017	YEAR ENDED 31.03.2016
R & D Expenses	340467	38726
Testing Expenses	1090268	0
Purification Charges	135400	0
R&D Equipment	0	2105676

**xiv Earnings in Foreign Currency:**

PARTICULARS	YEAR ENDED 31.03.2017	YEAR ENDED 31.03.2016
FOB value of Exports	0	154856

**xv Earnings Per Share:**

PARTICULARS	YEAR ENDED 31.03.2017	YEAR ENDED 31.03.2016
Profit / (Loss) as per Profit and Loss Account	Rs. 6216889	24536956
Net Profit / (Loss) attributable to Equity Share holders	Rs. 6216889	24536956
Equity Shares outstanding at the beginning of the year	Nos. 20441200	20441200
Equity Shares outstanding at the close of the year	Nos. 20441200	20441200
Weighted Average No. of Equity Shares	Nos. 20441200	20441200
Nominal Value of Equity Shares	Rs. 10	10
Basic EPS and Diluted EPS	Rs. 0.30	1.20

**xvi Notes on Demonetization**

Particulars	SBN's	Other	Total
Closing cash in hand as on 08.11.2016	0	531518	531518
( + ) Permitted Receipts	0	179000	179000
( - ) Permitted Payments	0	464946	464946
( - ) Amount deposited in banks	0	0	0
Closing cash in hand as on 30.12.2016	0	245572	245572

xvii Figures of the previous years have been regrouped / reclassified wherever considered necessary to confirm to current year classification and rounded off to the nearest rupee.

As per our report of even date attached.  
**For R. Kankaria & Uttam Singhi**  
**Chartered Accountants**  
Firm Regl. No.: 000442S

**Rajendra Kankaria**  
**Partner**  
Membership No. :022051/ICAI

Place : Hyderabad  
Date : 20.05.2017

**For And On Behalf Of The Board**

**S.Chandra Sekhar**  
**Managing Director**  
DIN No. 00159543

**B.Naveen Krishna**  
**Executive Director**  
DIN No. 07137132

**Prabal Bordiya**  
**Company Secretary**

**Piyush Chandrakant Rathi**  
**Director**  
DIN No. 00366347

**B Krishna Mohan Rao**  
**Chief Financial Officer**