



**Independent Auditor's Report
To the Members of G I Biotech Private Limited**

REPORT ON THE FINANCIAL STATEMENTS

1. We have audited the accompanying financial statements of G I Biotech Private Limited (the company), which comprise the balance sheet as at 31 March 2015, and the statement of profit and loss and 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

2. The Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounting) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 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

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those standards and pronouncements 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.
6. 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 of the 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 in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



7. 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

8. 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 31 March 2015
 - (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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- 9. The company is a private company with a paid up capital and reserves not more than fifty lakh rupees, does not have outstanding loan of twenty-five lakh rupees or more from any bank or financial institution and does not have a turnover exceeding five crore rupees. Accordingly, the Companies (Auditor's Report) Order, 2015 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act is not applicable to the company.
10. As required by section 143(3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - (i) The company has disclosed the impact of pending litigations as at March 31, 2015 on its financial position in its financial statements;
 - (ii) The company has made provision as at March 31, 2015, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contract including derivative contracts;



- (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company during the year ended March 31, 2015.

For Anil A. Dikshit & Co.

Firm registration number: 100410W

Chartered Accountants

Anil A. Dikshit

Proprietor

Membership no.: 036706



Place: Thane

Date: May 27, 2015

G I BIOTECH PRIVATE LIMITED
BALANCE SHEET AS AT MARCH 31, 2015

		March 31, 2015	March 31, 2014
	Notes	₹.	₹.
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3	1,00,000.00	1,00,000.00
Reserves and surplus	4	75,565.00	1,82,678.00
		<u>1,75,565.00</u>	<u>2,82,678.00</u>
Non-current liabilities			
Deferred tax liability (net)	5	77,952.00	81,874.00
		<u>77,952.00</u>	<u>81,874.00</u>
Current Liabilities			
Short-term provisions	6	-	14,786.00
Other Current liabilities	7	6,35,657.00	6,34,037.00
		<u>6,35,657.00</u>	<u>6,48,823.00</u>
TOTAL		<u><u>8,89,174.00</u></u>	<u><u>10,13,375.00</u></u>
ASSETS			
Non-current assets			
Fixed Assets			
Tangible assets	8	5,23,000.00	5,85,647.00
Intangible assets	9	-	-
		<u>5,23,000.00</u>	<u>5,85,647.00</u>
Current Assets			
Cash and cash equivalents	10	3,01,325.00	33,676.00
Short-term loans and advances	11	64,849.00	3,94,052.00
		<u>3,66,174.00</u>	<u>4,27,728.00</u>
TOTAL		<u><u>8,89,174.00</u></u>	<u><u>10,13,375.00</u></u>
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached
For Anil A. Dikshit & Co.
Firm Registration No. 100410W
Chartered Accountants

For and on behalf of the Board of Directors

Anil A. Dikshit
Proprietor

Membership No.: 036706

Thane

Date:

27 MAY 2015



Krishna Datla
Director

Satish Varma
Director

Thane

Date:

27 MAY 2015

G I BIOTECH PRIVATE LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

	Note No	March 31, 2015 ₹.	March 31, 2014 ₹.
Income			
Operating revenue	12	-	3,55,169.00
Total revenue (I)		<u>-</u>	<u>3,55,169.00</u>
Expenses			
Other expenses	13	48,388.00	46,115.00
Total expenses (II)		<u>48,388.00</u>	<u>46,115.00</u>
Earnings before interest, tax, depreciation and amortization expense (EBITDA) (I) – (II)		<u>(48,388.00)</u>	<u>3,09,054.00</u>
Depreciation and amortization expense	14	62,647.00	45,066.00
Profit/(loss) before tax		<u>(1,11,035.00)</u>	<u>2,63,988.00</u>
Tax expense:			
Current tax		-	50,303.00
Less: MAT Tax		-	(50,303.00)
		<u>-</u>	<u>-</u>
Deferred tax		(3,922.00)	4,458.00
Total tax expense		<u>(3,922.00)</u>	<u>4,458.00</u>
Profit/(loss) for the year		<u>(1,07,113.00)</u>	<u>2,59,530.00</u>
Earnings per equity share [nominal value of share ₹ 10]	15		
[March 31, 2014 - ₹ 10]			
Basic / Diluted		(10.71)	25.95

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For Anil A. Dikshit & Co.

Firm Registration No. 100410W

Chartered Accountants



Anil A. Dikshit

Proprietor

Membership No.: 036706



Thane

Date: 27 MAY 2015

For and on behalf of the Board of Directors


 Krishna Datla
 Director


 Satish Varma
 Director

Thane

Date: 27 MAY 2015

G I BIOTECH PRIVATE LIMITED

Notes to financial statements for the year ended March 31, 2015 Cash Flow Statement

PARTICULARS	March 31, 2015 ₹	March 31, 2014 ₹
A. Cash Flow From Operating Activities		
Profit/(Loss) before tax	(1,11,035.00)	2,63,988.00
Non-cash adjustment to reconcile profit before tax to net cash flows :		
Depreciation	62,647.00	45,066.00
Operating profit/(loss) before working capital changes	(48,388.00)	3,09,054.00
Movements in working capital :		
Increase/(decrease) in trade payables	1,620.00	(2,554.00)
Increase/(decrease) in Short-term provisions	(14,786.00)	14,786.00
Decrease/(increase) in short-term loans and advances	3,29,203.00	(3,70,896.00)
Cash generation from operations	2,67,649.00	(49,610.00)
Direct taxes paid (net of refunds)	-	-
Net cash flow from/ (used in) operating activities	(A) 2,67,649.00	(49,610.00)
B. Cash Flow From Investing Activities		
Net cash flow from/ (used in) investing activities	(B) -	-
C. Cash Flow From Financing Activities		
Net cash flow from/ (used in) in financing activities	(C) -	-
Net increase/(decrease) in cash and cash equivalents	(A+B+C) 2,67,649.00	(49,610.00)
Cash and cash equivalents at the beginning of the year	33,676.00	83,286.00
Cash and cash equivalents at the end of the year	3,01,325.00	33,676.00
Components of cash and cash equivalents		
With scheduled banks on:		
Current account	3,01,325.00	33,676.00
Total cash and cash equivalents (note 10)	3,01,325.00	33,676.00

As Per our report of even date attached
For Anil A. Dikshit & Co.
Firm Registration No. 100410W
Chartered Accountants

Anil A. Dikshit
Proprietor
Membership No.: 036706



For and on behalf of the Board of Directors

Krishna Datla
Director

Satish Varma
Director

Thane
Date: 27 MAY 2015

Thane
Date: 27 MAY 2015

G I BIOTRCH PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

1. Corporate Information

GI Biotech Private Limited ('the Company') is a private company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is engaged in the business of manufacturing and marketing of throat lozenges.

2. Basis of preparation

The financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical convention on accrual basis, except for certain tangible assets which are being carried at revalued amounts. Pursuant to section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by the Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) of the Companies Act, 1956, Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of Companies Act, 2013.

All the assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and/or services and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the company has ascertained its operating cycle to be 12 months for the purpose of current / non-current classification of assets and liabilities

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the changes, if any, in the accounting policy as explained hereunder.

2.1 Summary of significant accounting policies

(a) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known / materialised.

(b) Tangible fixed assets

Tangible assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses.

Subsequent expenditures related to an item of fixed assets are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the Statement of Profit and Loss.

Losses arising from the retirement of and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

(c) Intangible fixed assets

Tangible assets are stated at acquisition cost, net of amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over their estimated useful lives.

Gains or losses arising from the retirement or disposal proceeds and the carrying amount of the asset are recognised as income or expense in the Statement of Profit and Loss.

(d) Method of Depreciation and amortisation

- i. Effective 1st April 2014, the Company depreciates / amortises its fixed assets over the useful life in the manner prescribed in Schedule II of the Companies Act, 2013, as against the earlier practice of depreciation at the rates prescribed in Schedule XIV of the Companies Act, 1956.
- ii. As a result of the change in the rates of depreciation as aforesaid, the depreciation on fixed assets for the year under review has increased by Rs. 24,590/- thereby resulting in a corresponding increase in the loss for the year.
- iii. Depreciation on additions to assets or on sale/discardment of assets, is calculated pro-rata from the month of such addition or upto the month of such sale/discardment, as the case may be.

(e) Impairment of tangible and intangible asset

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. An impairment loss recognised in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.



G I BIOTRCH PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(f) Revenue recognition

- I. Revenues/Incomes and Costs/Expenditures are generally accounted on accrual, as they are earned or incurred.
- II. Sale of goods is recognised on transfer of significant risks and rewards of ownership which is generally on the dispatch of goods.

(g) Leases

As Lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating lease. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight line basis over the lease term.

(h) Income taxes

Income-tax expense comprises current tax and deferred tax charge or credit. Provision for current tax is made on the basis of the assessable income at the rates applicable to the relevant assessment year.

Deferred tax asset and deferred tax liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognised only if there is a virtual certainty of its realisation, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognised only to the extent there is a reasonable certainty of its realisation. At each Balance Sheet date, the carrying amount of deferred tax assets are reviewed to reassess realisation.

Minimum Alternative Tax (MAT) is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the company will pay normal income tax during the specified period.

(i) Provisions

A provision is recognised when the Company has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(j) Contingent liabilities and contingent assets

Contingent assets are not recognized in the financial statements of the Company. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare case where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(k) Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The Company has not issued any potential equity shares, and accordingly, the basic earnings per share and diluted earnings per share are the same.

(l) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(m) Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.



G I BIOTECH PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

	March 31, 2015 ₹.	March 31, 2014 ₹.
Note 3 - Share capital:		
Authorised shares:		
50000 (2013-14 50000) Equity Shares of ₹.10/- each	5,00,000.00	5,00,000.00
	<u>5,00,000.00</u>	<u>5,00,000.00</u>
Issued, Subscribed and fully paid up shares:		
10000 (2013-14 10000) Equity Shares of ₹.10 each fully paid-up	1,00,000.00	1,00,000.00
	<u>1,00,000.00</u>	<u>1,00,000.00</u>

a) Shares held by holding company

Out of equity issued by the company, shares held by its holding company are as below.

Fermenta Biotech Limited

6250 (2013-14 - 6250) Equity shares of ₹. 10/- each

62,500.00

62,500.00

b) Details of shareholders holding more than 5% shares in the company

Name of the shareholder

Equity shares of ₹10 each fully paid,

Nos

% holding in
the class

Nos

% holding in
the class

Fermenta Biotech Limited

6250

62.50%

6250

62.50%

Ronator Investments Limited

3750

37.50%

3750

37.50%

Note 4 - Reserves and surplus:
Surplus in the statement of profit and loss

Balance as per last financial statements

1,82,678.00

(76,852.00)

Profit / (Loss) for the year

(1,07,113.00)

2,59,530.00

Total of Reserves and Surplus

75,565.00

1,82,678.00

Note 5 - Deferred tax liability (net):

March 31, 2015

March 31, 2014

₹

₹

Deferred tax liability

Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting

77,952.00

81,874.00

Gross deferred tax liability

77,952.00

81,874.00

Note 6 - Provisions:

Taxation, net of advances (other than deferred tax)

14,786.00

14,786.00

Note 7 - Other current liabilities:

Trade payables (Dues to micro and small enterprises ₹. Nil)

6,35,657.00

6,34,037.00

6,35,657.00

6,34,037.00

Note 8- Tangible assets:
Plant and equipment
Gross Block at cost

As at April 1, 2013

8,01,202.00

At March 31, 2014

8,01,202.00

At March 31, 2015

8,01,202.00

Depreciation

As at April 1, 2013

1,77,498.00

Charge for the period

38,057.00

At March 31, 2014

2,15,555.00

Charge for the period

62,647.00

At March 31, 2015

2,78,202.00

Net Block

At March 31, 2014

5,85,647.00

At March 31, 2015

5,23,000.00



G I BIOTECH PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015
Note 9 - Intangible assets:

Trade Mark	
Gross Block at cost	
As at April 1, 2013	1,04,000.00
At March 31, 2014	1,04,000.00
At March 31, 2015	1,04,000.00
Amortization	
As at April 1, 2013	96,991.00
Charge for the year	7,009.00
At March 31, 2014	1,04,000.00
Charge for the period	
At March 31, 2015	1,04,000.00
Net Block	
At March 31, 2014	-
At March 31, 2015	-

March 31, 2015 March 31, 2014
₹ ₹

Note 10. Cash and bank balances :
Cash and cash equivalents

Balances with banks:

With scheduled banks on:

Current account

3,01,325.00 33,676.00
3,01,325.00 33,676.00

Note 11 - Loans and advances :

Other loans and advances

Prepaid expenses

Sundry Debtors

MAT credit entitlement

690.00 10,241.00
- 3,19,652.00
64,159.00 64,159.00
64,849.00 3,94,052.00

Note 12 - Revenue from operations

Royalty Income

- 3,55,169.00
- 3,55,169.00

Note 13 - Other expenses:

Rates and taxes

Insurance

Legal and professional charges

Interest on Income Tax

Payment to auditors (Audit fees)

Miscellaneous expenses

12,351.00 15,030.00
4,143.00 4,222.00
20,229.00 16,855.00
1,620.00 -
10,000.00 10,000.00
45.00 8.00
48,388.00 46,115.00

Note 14 - Depreciation and amortization expense

Depreciation of tangible assets

Amortization of intangible assets

62,647.00 38,057.00
- 7,009.00
62,647.00 45,066.00

Note 15 - Earnings per share (EPS):

Profit/ (loss) after tax

Weighted average number of equity shares in calculating basic EPS

Earnings per share (EPS):

(1,07,113.00) 2,59,530.00
10000 10000
(10.71) 25.95



G I BIOTECH PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

Note 16 - Related party disclosures:

- a. Parties where control exists
Holding company
Fermenta Biotech Limited
- b. Other related party relationships where transactions have taken place during the year
NIL
- c. An individual directly controlling the holding company, namely DIL limited and can exercise significant influence:
Krishna Datla - Director
- d. Related party relationship is identified by the Company on the basis of available information.
- e. Transactions with related parties.
Following table provides the total amount of transaction that have been entered into with related parties for the relevant financial year.

		₹.
Particulars	Holding Company	
1 Royalty income		
- Fermenta Biotech Limited		(355,169.00)
2 Balances outstanding as at the year end		
Trade payables		
- Fermenta Biotech Limited	625,657.00	(624,037.00)
Trade Receivables		
- Fermenta Biotech Limited	-	(319,652.00)

(Figures in brackets are the corresponding figures in respect of the previous year.)

As per our report of even date attached
For Anil A. Dikshit & Co.
Firm Registration No. 100410W
Chartered Accountants

Anil A. Dikshit
Proprietor
Membership No.: 036706



Thane
Date: 27 MAY 2015

For and on behalf of the Board of Directors

Krishna Datla
Director

Satish Varma
Director

Thane
Date: 27 MAY 2015