

INDEPENDENT AUDITOR'S REPORT

To the Members of Foundation for Neglected Disease Research

Report on the Financial Statements

We have audited the accompanying financial statements of Foundation for Neglected Disease Research ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Income and Expenditure 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 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 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 and Companies (Accounting Standards) Amendment Rules, 2016. 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 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 thereunder.



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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its surplus and its cash flows for the year ended on that date.

Other Matter

The financial statements of the Company for the year ended 31st March, 2017, were audited by another auditor whose report dated 04th August 2017 expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matter.



Report on Other Legal and Regulatory Requirements

1. 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, the Statement of Income and Expenditure, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016.
 - (e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) The Company, registered under Section 8 of the Companies Act, 2013, is a Private Company as defined under section 2(68) of the Act and covered under the criteria specified in the Notification G.S.R..583(E) dated June 13, 2017 as amended from time to time by Ministry of Corporate Affairs and complies with conditions specified therein. Accordingly, reporting under section 143(3)(i) of the Act with respect to adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls is not applicable to the Company.
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.



- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. This Report does not include a statement on the matters specified in paragraph 3 and 4 of the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section 11 of Section 143 of the Act, since in our opinion and according to the information and explanations given to us, the said Order is not applicable to the Company

MSKA & Associates (Formerly known as MZSK & Associates)

Chartered Accountants

ICAI Firm Registration No. 105047W



Deepak Rao

Partner

Membership No. 113292

Place: Bangalore

Date: 23 June 2018



FOUNDATION FOR NEGLECTED DISEASE RESEARCH
Balance Sheet as on 31st March 2018


(All amounts in Rupees, unless otherwise stated)

| Particulars | Note No. | As at 31st March 2018 | As at 31 st March 2017 |
|---|----------|-----------------------|------------------------|
| A EQUITY AND LIABILITIES | | | |
| 1 Shareholders ' Funds | | | |
| (a) Share Capital | 3 | 1,00,000 | 1,00,000 |
| (b) Reserves and Surplus | 4 | 98,98,337 | 1,85,04,277 |
| 2 Non- Current Liabilities | | | |
| (a) Deferred Tax Liabilities | 11 | - | - |
| (b) Long term provision | 5 | 1,85,049 | - |
| 3 Current Liabilities | | | |
| (a) Short -Term Borrowings | 6 | - | 31,50,000 |
| (b) Trade Payables | 7 | - | 5,30,191 |
| (i) Total outstanding dues of micro enterprises and small enterprises | | - | 12,21,382 |
| (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | | 48,54,508 | - |
| (c) Other Current Liabilities | 8 | 5,52,07,713 | 3,31,78,120 |
| (d) Unearned Revenue | 2.3(d) | 2,50,000 | - |
| (e) Short- Term Provisions | 9 | 3,156 | - |
| TOTAL | | 7,04,98,763 | 5,66,83,970 |
| B ASSETS | | | |
| 1 Non - Current Assets | | | |
| (a) Fixed Assets | | | |
| (i) Tangible Assets | 10 | 81,25,241 | 67,921 |
| (ii) Intangible Assets | | - | - |
| (iii) Capital Work-In-Progress | 10.1 | - | 2,05,18,581 |
| (b) Deferred Tax Assets | 11 | - | - |
| (c) Long-Term Loans and Advances | 12 | 15,60,000 | 60,000 |
| 2 Current Assets | | | |
| (a) Inventories | 13 | - | 50,000 |
| (b) Trade Receivables | 14 | 81,305 | - |
| (c) Cash and Cash Equivalents | 15 | 5,47,02,937 | 3,48,79,715 |
| (d) Unbilled Revenue | 2.3(d) | 4,12,298 | - |
| (e) Short term Loans and Advances | 16 | 56,16,982 | 11,07,753 |
| TOTAL | | 7,04,98,763 | 5,66,83,970 |

The accompanying notes form an integral part of this Balance Sheet.

As per our Report of even date

For MSKA & Associates (Formerly Known as MZSK & Associates)
Chartered Accountants
Firm Registration No.-105047W



Deepak Rao
Partner
Membership No. 113292




Ashish Majumdar
Chief Financial Officer

Place: Bangalore
Date: 23 June 2018

For and on behalf of Board of Directors


Shridhar Narayanan
Chairman


Radha Krishan Shandil
Director

Place: Bangalore
Date: 23 June 2018



FOUNDATION FOR NEGLECTED DISEASE RESEARCH
Statement of Income and Expenditure for the year ended 31st March 2018
(All amounts in Rupees, unless otherwise stated)


| Particulars | Note No. | Year Ended 31 March 2018 | Year Ended 31 March 2017 |
|--|----------|-----------------------------|-----------------------------|
| I. Revenue from Operations | 17 | 3,74,77,486 | 80,64,719 |
| II. Other Income | 18 | 20,88,373 | 5,09,374 |
| III. Total Income (I + II) | | 3,95,65,859 | 85,74,093 |
| IV. Expenditure | | | |
| Research and Related Expenses | | 1,41,11,903 | 15,99,655 |
| Employee Benefits Expense | 19 | 1,48,67,437 | 47,35,255 |
| Finance Costs | 20 | - | - |
| Depreciation and Amortization Expense | 10.3 | 9,240 | 10,378 |
| Other Expenses | 21 | 67,31,198 | 20,02,439 |
| Total Expenditure | | 3,57,19,778 | 83,47,727 |
| V Surplus / (Deficit) Before Tax (III - IV) | | 38,46,081 | 2,26,366 |
| VI Tax expenses | | | |
| (1) Current tax | 41 | - | - |
| Less: Mat Credit Entitlement | | - | - |
| (2) Deferred tax | | - | 6,349 |
| Total Tax Expense | | - | 6,349 |
| VII. Net Surplus (after tax) for the year (V-VI) | | 38,46,081 | 2,20,017 |
| VIII Earnings Per Share (Basic and Diluted) | 29 | 384.61 | 22.00 |


The accompanying notes form an integral part of this Statement of Income and Expenditure.

As per our Report of even date

For and on behalf of Board of Directors

For MSKA & Associates (Formerly Known as MZSK & Associates)
Chartered Accountants
Firm Registration No.-105047W


Shridhar Narayanan
Chairman


Deepak Rao
Partner
Membership No. 113292




Ashish Majumdar
Chief Financial Officer


Radha Krishan Shandil
Director

Place: Bangalore
Date: 23 June 2018

Place: Bangalore
Date: 23 June 2018



FOUNDATION FOR NEGLECTED DISEASE RESEARCH
Cash Flow for the year ended 31st March 2018
(All amounts in Rupees, unless otherwise stated)

| | Note | Year ended 31st March, 2018 Rs | Year ended 31st March, 2017 Rs. |
|---|------|--------------------------------------|---------------------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Surplus / (deficit) before Tax | | 38,46,081 | 2,26,366 |
| <i>Adjustments for :</i> | | | |
| Depreciation as per books | | 9,240 | 10,378 |
| Interest Received | | (16,85,550) | (5,09,374) |
| Provision for Gratuity | | 1,88,205 | - |
| Operating Surplus / (Deficit) before Working Capital changes | | 23,57,976 | (2,72,630) |
| <i>Adjustment for changes in Working Capital :</i> | | | |
| (Increase) \ Decrease in Trade and other receivables | | (65,02,832) | (7,84,155) |
| (Increase) \ Decrease in Inventories | | 50,000 | - |
| Increase \ (Decrease) in Other current assets | | (2,90,08,000) | - |
| Increase \ (Decrease) in Trade payables | | 2,53,82,528 | 3,17,84,395 |
| Cash Generated from Operations | | (77,20,328) | 3,07,27,610 |
| Gratuity Paid | | - | - |
| Fixed Assets purchased from Capital grants | | 6,48,844 | - |
| Net Cash from Operating Activities (A) | | (70,71,484) | 3,07,27,610 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of Fixed Assets | | (6,48,844) | (15,499) |
| Sale of Fixed Assets | | - | - |
| Interest Received | | 16,85,550 | 5,09,374 |
| Net Cash used Investing Activities (B) | | 10,36,706 | 4,93,875 |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Proceeding from Borrowings : | | | |
| Secured / Unsecured Loans | | (31,50,000) | 11,50,000 |
| Net Cash from Financing Activities (C) | | (31,50,000) | 11,50,000 |
| Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C) | | (91,84,778) | 3,23,71,485 |
| Opening Balance of Cash and Cash Equivalents | | 3,48,79,715 | 25,08,230 |
| Closing Balance of Cash and Cash Equivalents | 3 | 2,56,94,937 | 3,48,79,715 |
| Reconciliation : | | | |
| Cash & Cash equivalents as per Balance Sheet - Note 15 | | 5,47,02,937 | 3,48,79,715 |
| Less : Bank balances not considered as Cash & Cash Equivalents as defined in AS 3 Cash Flow Statements | | 2,90,08,000 | - |
| Net Cash and Cash Equivalents (As defined in AS 3 Cash Flow Statements) - Note 3 to Cash Flow Statement below. | | 2,56,94,937 | 3,48,79,715 |



Continuation on Cash Flow for the year ended 31st March 2018

Notes :

1. The above Cash Flow Statement has been compiled from and is based on the Balance Sheet as at 31st March, 2018 and the related Statement of Income and Expenditure for the year ended on that date.
2. The above Cash Flow Statement has been prepared under "Indirect Method" as set out in the Accounting Standard (AS) on "Cash Flow Statement", AS -3, Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and reallocations required for this purpose are as made by the Company.

3. Cash and Cash Equivalents represent Cash and Bank balances comprise of-


| | Year ended 31st March, 2018 | Year ended 31st March, 2017 |
|--|--------------------------------|--------------------------------|
| | Rs. | Rs. |
| Balances with Scheduled Banks on Current Accounts | 13,22,94,937 | 6,79,715 |
| Balances with Scheduled Banks on Deposits with original maturity of less than three months | 1,24,00,000 | 3,42,00,000 |
| Total | 2,56,94,937 | 3,48,79,715 |

4. Figures in parenthesis represent outflows.
5. The accompanying notes to these financial statements also form an integral part of this Cash Flow Statement.
6. Previous year's figures have been regrouped, wherever necessary, to conform current year's presentation.

As per our Report of even date

For and on behalf of Board of Directors

For MSKA & Associates (Formerly Known as MZSK & Associates)
Chartered Accountants
Firm Registration No. -105047W


Shridhar Narayanan
Chairman


Deepak Rao
Partner
Membership No. 113292


Ashish Majumdar
Chief Financial Officer


Radha Krishan Shandil
Director

Place, Bangalore
Date: 23 June 2018

Place: Bangalore
Date: 23 June 2018



FOUNDATION FOR NEGLECTED DISEASE RESEARCH

1 Corporate Information

Foundation For Neglected Disease Research ("the Company"), a not for profit company, within the meaning of Section 8 of the Companies Act, 2013, has been incorporated in India for charitable purposes.

The Company conducts innovative research to discover and develop novel chemical / biological agents of synthetic or natural origin and makes available innovative, distinctive products. Scientific services, consultancy and education that contribute to improve lives of human, animal and /or plant with focus on global health diseases.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India ("Indian GAAP") to comply in all material respect with the accounting standards specified under Section 133 of the Companies Act, 2013.

The financial statements have been prepared on accrual basis under the historical cost convention and going concern basis.

The accounting policies adopted in the preparation of the financial statements are generally consistent with those followed in the previous year, except otherwise stated elsewhere.

All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle.

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

2.2 Use of Estimates:

The preparation of the Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, revenues, expenses and the disclosure of contingent liabilities as at the date of the Financial Statements. Although, the estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring material adjustments to the carrying amounts of assets or liabilities in future periods.

2.3 Revenue Recognition

Revenue is recognised only when it can be reliably measured and it is reasonable to expect ultimate collection.

a) All donations and grants are considered as Revenue, unless the donor specifies a particular way of treating the receipt.

The donations or grants are recognized as revenue as soon as the certainty of the receipt of the donation or grant is established.

Unspent balance of Grants are carried forward as liability to be utilized in subsequent years.

b) Grants received, for funding specific research projects solely meant to meet expenses and costs of the research projects, are recognized as an Income in the books of account when the revenue expense and matching cost is actually incurred, on accrual basis.

When such Grants are used for funding capital expenses, the value of such capital expenses are credited to a specific capital reserve account, on accrual basis, and the capital expenses/ costs are appropriately capitalized.

The depreciation or amortization of such capital expenses / costs, so capitalized, is adjusted against such specific capital reserve account, appropriately.

c) Bank interest income is recognized on a time proportion basis, taking into account the amount outstanding and applicable prevailing interest rates.

d) Income from advisory / consultancy services are recognised on accrual basis based on the related agreements.

Unbilled revenues represent earnings in excess of billings as at end of the reporting period.

Unearned revenues represent billing in excess of revenue recognised.

Advance payment received from customers for which no services have been rendered are represented as 'Advance from customers'

2.4 Fixed Assets

a) Fixed Assets (comprising of tangible items only) are stated at cost. The cost includes the original cost of asset, freight; applicable taxes and other incidental expenses relating to the acquisition and installation.

b) Impairment loss, if any, is recognised wherever the carrying amount of the fixed asset of the cash generating unit exceeds its recoverable amount, i.e., net selling price or value in use, whichever is higher.

c) Intellectual Properties are recognized in the books, only when the patent is granted and a probable future cash flows from the same can be established. Any costs incurred prior to this are charged off in the books of account.

2.5 Depreciation

Depreciation on Tangible Fixed Assets is provided to the extent of depreciable amount on the "Written Down Value" (WDV) Method.

Depreciation is provided based on useful lives of the assets, as prescribed in Schedule II to the Companies Act, 2013, except in case of Donated Assets, as indicated against Note 39 and recognized in the books as per the principles indicated against para 2.3 (b) above.

Assets costing less than Rupees 5000/- individually are fully depreciated in the year of purchase.

Depreciation on additions during the year is provided on pro-rata basis

2.6 Inventories

a) Items of inventories (consumables) are carried at lower of cost and net realisable value.

b) Cost of inventories is determined on the 'weighted average' basis and comprises expenditure incurred in normal course of business for bringing such inventories to their present location and includes, wherever applicable, appropriate overheads.

c) Cost of inventories (consumables) donated by any donor are recognized in the books at a value determined by the Directors, as per the best management estimate.



FOUNDATION FOR NEGLECTED DISEASE RESEARCH

Continuation on 2

2.7 Taxation

The Company has been granted exemption from Income Tax under Section 12A read with Section 12AA of Income Tax Act, 1961. Any accumulated losses are not recognized as "Deferred Tax Assets" on prudence basis.

2.8 Employee Benefits

- a) Short-term Employee benefits (i.e. benefits payable within one year) are recognised in the period in which the employee service are rendered.
- b) Presently the provisions of Employees Provident Funds and Miscellaneous Provisions Act, 1952, including rules framed thereunder and Employees' State Insurance Act, 1948 are not applicable to the Company.
- c) The Company does not have any policy of encashment of leave to its employees.
- d) The Company's obligation in respect of Gratuity Plan, which a defined benefit plan, is provided for based on actuarial valuation, using the Projected Unit Credit Method. Any actuarial gain or losses will be recognised in the Statement of Income and Expenditure. The Company is contemplating to accept a proper Insurance Scheme with an Insurance Company for funding purpose.

2.9 Operating leases

Leases under which all the risks and benefits of ownership are effectively retained by the lessor are classified as "Operating Leases". Amounts due under the operating leases are charged to the Statement of Income and Expenditure, on a Straight Line Method over the lease term in accordance with the Accounting Standard 19 on "Leases", as specified under Section 133 of the 2013 Act read with Rule 7 of Companies (Accounts) Rules, 2014. Initial Direct Costs incurred specifically for Operating Leases are recognized as expense in the year in which they are incurred.

2.10 Foreign Currency Transactions and Translations

Transactions in foreign currencies of the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction. Foreign Currency Monetary items outstanding at the Balance Sheet Date are reported using the closing rate. Gain or loss resulting from settlement of such transactions and translations of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Income and Expenditure.

2.11 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the 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. Contingent liabilities are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in these financial statements.

2.12 Cash and Cash Equivalents

Cash and Cash Equivalents include cash in hand and demand deposits with Scheduled Banks

2.13 Earnings Per Share (Read with Note 29.3)

Basic earnings per share are calculated by dividing surplus/deficit for the period attributable to Equity shareholders by the Weighted Average Number of Equity Shares Outstanding during the period. Partly paid equity shares are treated as a fraction of an equity shares to the extent that they are entitled to participate in dividends related to a fully-paid equity shares during the reporting period.

The weighted Average Numbers of Equity Shares are adjusted for events such as share splits and reverse share split (consolidation of shares) that have changed the numbers of equity shares outstanding.



FOUNDATION FOR NEGLECTED DISEASE RESEARCH
Notes to Financial Statements for the year ended 31st March 2018
(All amounts in Rupees, unless otherwise stated)

3 SHARE CAPITAL

Authorised

50,000 (31st March 2017 : 50,000) Equity Shares of Rs 10/- each

Issued , Subscribed and Paid up

10,000 (31st March 2017 : 10,000) Equity Shares of Rs 10/- each

Total

| | As at 31st March 2018 | As at 31 March 2017 |
|--|--------------------------|------------------------|
| | | |
| | 5,00,000 | 5,00,000 |
| | | |
| | 1,00,000 | 1,00,000 |
| | | |
| | 1,00,000 | 1,00,000 |

3.1 Reconciliation of the number of Equity shares

| Particulars | As at 31st March 2018 | | As at 31st March 2017 | |
|---|-----------------------|----------|-----------------------|----------|
| | Number | Amount | Number | Amount |
| Balance as at the beginning of the year | 10,000 | 1,00,000 | 10,000 | 1,00,000 |
| Add: Share allotted during the year | - | - | - | - |
| Less: Shares forfeited during the year | - | - | - | - |
| Balance as at the end of the year | 10,000 | 1,00,000 | 10,000 | 1,00,000 |

3.2 Details of Shares held by Shareholders holding more than 5 % of the aggregate shares in the Company

| Name of Shareholder | As at 31st March 2018 | | As at 31 March 2017 | |
|------------------------------------|-----------------------|--------------|---------------------|--------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Dr. Shridhar Narayanan | 8,000 | 80.00 | 8,000 | 80.00 |
| Stabaka Consulting Private Limited | 1,000 | 10.00 | 1,000 | 10.00 |
| Dr. Radha Krishan Shandil | 1,000 | 10.00 | 1,000 | 10.00 |

3.3 Rights, Preferences and Restrictions attached to Equity Shares

The Company has one class of Equity Shares having a par value of Rs 10/- per share. Each shareholder is eligible for one vote per share held and rank pari-passu.

As per Clause X of Memorandum of Association (MoA) of the Company, in the event of liquidation of the Company, the holders of Equity Shares will not be entitled to receive any of the remaining assets of the Company after distribution of the preferential amounts. The amount remaining, if any, shall be given or transferred to such Company having similar objects, subject to such conditions, as specified in MoA and other applicable laws prevailing in the land.



FOUNDATION FOR NEGLECTED DISEASE RESEARCH
Notes to Financial Statements for the year ended 31st March 2018
(All amounts in Rupees, unless otherwise stated)

4 RESERVES and SURPLUS

| | As at 31st March 2018 | As at 31 March 2017 |
|--|--------------------------|------------------------|
| Capital Reserve | | |
| Grant From Donors (IKP Knowledge Park -2nd GC - TBC) | | |
| Opening Balance | 22,068 | 87,256 |
| Add: Amounts credited during the year | | - |
| Less: Amount transferred to the Statement of Income and Expenditure Account - Depreciation (Note 10.2) | 13,135 | 65,188 |
| Closing Balance | 8,933 | 22,068 |
| | | |
| Donation (Other Support) From Astra Zeneca India Private Limited (Donated Assets) | | |
| Opening Balance | 2,05,18,581 | - |
| Add: Amounts credited during the year (Note 38) | - | 2,05,18,581 |
| Less: Amount transferred to the Statement of Income and Expenditure Account - Depreciation (Note 10.2) | 1,29,23,965 | - |
| Closing Balance | 75,94,616 | 2,05,18,581 |
| | | |
| Financial Support From Astra Zeneca AB, Sweden | | |
| Opening Balance | - | - |
| Add: Amounts credited during the year (Note 38) | 6,18,944 | - |
| Less: Amount transferred to the Statement of Income and Expenditure Account - Depreciation (Note 10.2) | 1,39,699 | - |
| Closing Balance | 4,79,245 | - |
| | | |
| Grant From Donors (BIRAC Logitude Grant Award) | | |
| Opening Balance | - | - |
| Add: Amounts credited during the year | 29,900 | - |
| Less: Amount transferred to the Statement of Income and Expenditure Account - Depreciation (Note 10.2) | 12,314 | - |
| Closing Balance | 17,586 | - |
| | | |
| General Reserve | | |
| Surplus / (Deficit) in Statement of Income and Expenditure | | |
| Opening Balance | (20,36,372) | (22,56,390) |
| Surplus / (Deficit) for the year | 38,46,081 | 2,20,018 |
| Less: Adjustments on account of Depreciation in respect of earlier years | (11,752) | - |
| Less : Appropriations | - | - |
| Transfer to General Reserve | - | - |
| Closing Balance | 17,97,957 | (20,36,372) |
| | | |
| Total | 98,98,337 | 1,85,04,277 |



FOUNDATION FOR NEGLECTED DISEASE RESEARCH
 Notes to Financial Statements for the year ended 31st March 2018
 (All amounts in Rupees, unless otherwise stated)

5 LONG TERM PROVISION

Gratuity - Unfunded [Notes 2.8 (d) and 36]

Total

| As at 31st March 2018 | As at 31 March 2017 |
|--------------------------|------------------------|
| 1,85,049 | - |
| 1,85,049 | - |

6 SHORT TERM BORROWINGS

Loan from Directors - Interest Free
 (Repayable on Demand)

Total

| As at 31st March 2018 | As at 31 March 2017 |
|--------------------------|------------------------|
| - | 31,50,000 |
| - | 31,50,000 |



FOUNDATION FOR NEGLECTED DISEASE RESEARCH
Notes to Financial Statements for the year ended 31st March 2018
(All amounts in Rupees, unless otherwise stated)

7 Trade Payables

| | As at 31st March 2018 | As at 31 March 2017 |
|---------------------------|--------------------------|------------------------|
| Other than Acceptances | 48,54,508 | 17,51,573 |
| Employee Benefits Payable | - | - |
| TOTAL | 48,54,508 | 17,51,573 |

7.1 Details Of Dues to Micro, Small and Medium Enterprises as per MSMED Act,2006, based on information available with the Company is as under, which has also been relied upon by the auditors.

| | As at 31st March 2018 | As at 31 March 2017 |
|---|--------------------------|------------------------|
| Total outstanding dues of Micro and Small Enterprises [Note 30 B (IV) (d)] | - | 5,30,191 |
| Total outstanding Dues of Creditors other than Micro and Small Enterprises | 48,54,508 | 12,21,382 |
| | 48,54,508 | 17,51,573 |

7.2 Disclosures under Sections 22 and 23 of Micro, Small and Medium Enterprises as per MSMED Act,2006

| Sl No. | Details of Dues to Micro, Small and Medium Enterprises | 2017-18 | 2016-17 |
|--------|--|---------|---------|
| I | The principal amount and the interest due thereon remaining unpaid to any supplier as at the year end Principal amount unpaid Interest due | - | - |
| II | Amount of interest paid by the buyer in terms of Section 16 of MSMED Act 2006 along with the amount of the payments made to the supplier beyond the appointed date during the year Payments made beyond the Appointed date Interest paid beyond the Appointed date | - | - |
| III | The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed date during the year) but without adding the interest specified under MSMED Act, 2006 | - | - |
| IV | The amount of interest accrued and remaining unpaid at the end of the year | - | - |
| V | The amount of further interest remaining due and payable even in the succeeding years, untill such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006 | - | - |

8 OTHER CURRENT LIABILITIES

| | As at 31st March 2018 | As at 31 March 2017 |
|--|--------------------------|------------------------|
| Advance from customers and others | - | - |
| <u>Other payables</u> | - | - |
| Security Deposit From Customers | - | - |
| <u>Statutory Dues</u> | - | - |
| Contribution to Fund - Provident Fund and Employees State Insurance Dues | - | - |
| Tax Deducted at Source | 5,12,814 | 7,32,643 |
| Profession tax Dues | 1,600 | 800 |
| Goods & Services Tax (GST) | - | - |
| Withholding Tax | - | - |
| <u>Others</u> | - | - |
| Funds received as Grants [Notes 2.3 (a) & 39] | 5,33,29,620 | 3,05,13,735 |
| Salary payable | 5,47,739 | 1,87,060 |
| Directors' Remuneration Payable | 7,45,740 | 17,28,882 |
| Audit Fees Payable | 58,500 | 15,000 |
| Miscellaneous | 11,700 | - |
| TOTAL | 5,52,07,713 | 3,31,78,120 |

9 SHORT TERM PROVISIONS

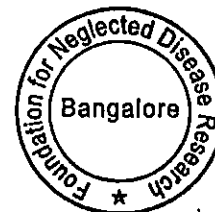
| | As at 31st March 2018 | As at 31 March 2017 |
|---|--------------------------|------------------------|
| (a) Provision for employee benefits Gratuity - Unfunded [Notes 2.8 (d) and 36] | 3,156 | - |
| (b) Others | - | - |
| Provision for Income Tax (Current Tax) - Note 41 | - | - |
| TOTAL | 3,156 | - |



FOUNDATION FOR NEGLECTED DISEASE RESEARCH
Notes to Financial Statements for the year ended 31st March 2018
(All amounts in Rupees, unless otherwise stated)

10 TANGIBLE ASSETS

| | GROSS BLOCK | | | | | DEPRECIATION | | | | | NET BLOCK | | |
|---------------------------------|--|---------------------------------|-----------------------------|---|-----------|--|------------------------|--------------------|---|-----------|------------------------|------------------------|------------------------|
| | Cost/ Valuation as at 01 April 2017 | Additions during the year | Sales during the year | Other Adjustment during the year | Transfers | Cost/ Valuation as at 31st Mar 2018 | As at 01 April 2017 | For the Year | On Sales/ Adjustment during the year | Transfers | As at 31st Mar 2018 | As at 31st Mar 2018 | As at 31 March 2017 |
| | Own Assets | | | | | | | | | | | | |
| Office Equipments | 15,499 | 71,864 | - | - | - | 87,363 | 3,560 | 19,704 | - | - | 23,264 | 64,099 | 11,939 |
| Furniture & Fixtures | 26,335 | 1,07,662 | - | - | - | 1,33,997 | 11,438 | 18,155 | - | - | 29,593 | 1,04,404 | 14,897 |
| Computers and Laptops | 95,583 | 2,88,418 | - | - | - | 3,84,001 | 60,370 | 1,06,930 | - | - | 1,67,300 | 2,16,701 | 35,213 |
| Printer | 10,690 | - | - | - | - | 10,690 | 4,818 | 2,647 | - | - | 7,465 | 3,225 | 5,872 |
| UPS | - | 1,80,900 | - | - | - | 1,80,900 | - | 38,704 | - | - | 38,704 | 1,42,196 | - |
| Plant and Machinery | - | 2,05,18,581 | - | - | - | 2,05,18,581 | - | 1,29,23,965 | - | - | 1,29,23,965 | 75,94,616 | - |
| Sub total (A) | 1,48,107 | 2,11,67,425 | - | - | - | 2,13,15,532 | 80,186 | 1,31,10,105 | - | - | 1,31,90,291 | 81,25,241 | 67,921 |
| Assets Given On Operating Lease | | | | | | | | | | | | | |
| Plant and Machinery | | | | | | | | | | | | | |
| Sub total (B) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total (A+B) | 1,48,107 | 2,11,67,425 | - | - | - | 2,13,15,532 | 80,186 | 1,31,10,105 | - | - | 1,31,90,291 | 81,25,241 | 67,921 |
| Previous Year | 1,32,608 | 15,499 | - | - | - | 1,48,107 | 4,620 | 75,566 | - | - | 80,186 | 67,921 | |



FOUNDATION FOR NEGLECTED DISEASE RESEARCH
Notes to Financial Statements for the year ended 31st March 2018
(All amounts in Rupees, unless otherwise stated)

Continuation on 10

| INTANGIBLE ASSETS | GROSS BLOCK | | | | | AMMORTISATION | | | | NET BLOCK | |
|---|--|---------------------------------|-----------------------------|----------------------------------|--|------------------------|-----------------|---|--------------------------|--------------------------|------------------------|
| | Cost/ Valuation as at 01 April 2017 | Additions during the year | Sales during the year | Adjustment during the year | Cost/ Valuation as at 31st March 2018 | As at 01 April 2017 | For the Year | On Sales/ Adjustment during the year | As at 31st March 2018 | As at 31st March 2018 | As at 31 March 2017 |
| (acquired items) Patents, Trademarks & Intellectual Properties (Note 10.2 below) | - | - | - | - | - | - | - | - | - | - | - |
| Software | - | - | - | - | - | - | - | - | - | - | - |
| Total | - | - | - | - | - | - | - | - | - | - | - |
| Previous Year | - | - | - | - | - | - | - | - | - | - | - |

10.1 Capital Work-in-Progress

| | | | | | | | | | | |
|-------------|---|---|-------------|---|---|---|---|---|---|-------------|
| 2,05,18,581 | - | - | 2,05,18,581 | - | - | - | - | - | - | 2,05,18,581 |
|-------------|---|---|-------------|---|---|---|---|---|---|-------------|

10.2 Patents & Intellectual Properties

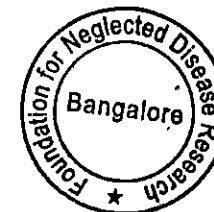
10.2.1 The Company is currently owns, on joint basis with Global Alliance for TB Drug Development, Inc (TB Alliance, US), the granted patents and intellectual properties ("Joint IP") in respect of discovery and development of DprE1 inhibitors for treatment of tuberculosis, pursuant to Collaboration Agreement dated 8 June 2017. In terms of the said agreement, TB Alliance, US is bearing the costs for prosecuting and maintaining all the patents covering the Joint IP in global territories outside India. The Company is supposed to bear all costs in India. Furthermore, TB Alliance US is also funding the project through Research and Development and its Commercial Partners to make the product available and affordable throughout the world. For 2017 calendar year, an amount of USD 2,218,824 (INR. 142,004,736 at ROE 64) has been spent by TB Alliance US for the project and Joint IP. The Company has not yet incurred any amounts towards prosecuting and maintaining the Joint IP in India. In view of non-ascertainment of probable future cash flows in respect of this Joint IP, the same has not been recognized in these accounts.

10.2.2 The Company has also been assigned, vide Assignment Agreement dated 16 March 2016, by Pramal Enterprises Limited (PEL), its shares of 50 percent rights in Patent Applications in respect of -
(a) Antibiotic Compounds; and
(b) Microparticle Formulation for Pulmonary Drug Delivery of Anti-infective Molecule for treatment of Infectious Diseases, jointly owned with National Centre for Antarctic and Ocean Research (NCAOR). Under the said agreement, the Company will share equally the responsibilities of filing, prosecution and maintenance of the said Patents

10.2.3 Pending granting of the Patents as indicated in Note 10.2.2 above and such other filed Patents / Intellectual Properties, the valuation has not been envisaged by the management. The same will be undertaken and recognized in the books, when the probable future cash flows can be established based on granting by the respective Patents and Trademarks Offices.

10.3 Details of Depreciation and Amortisation Expenses

| | Year Ended 31st March 2018 | Year Ended 31 March 2017 |
|--|-------------------------------|-----------------------------|
| Depreciation of Tangible Assets | 1,31,10,105 | 75,566 |
| Amortisation of Intangible Assets | - | - |
| Total Depreciation | 1,31,10,105 | 75,566 |
| Less: Transfer from Capital Grant Accounts [Note 2.3 (b)] | 1,31,00,865 | 65,188 |
| Net Depreciation Charged to Statement of Income and Expenditure | 9,240 | 10,378 |



FOUNDATION FOR NEGLECTED DISEASE RESEARCH
 Notes to Financial Statements for the year ended 31st March 2018
 (All amounts in Rupees, unless otherwise stated)

11 DEFERRED TAX ASSETS/(LIABILITIES)
 (Note 41)

Timing Difference resulting in assets
 mainly on account of :

Difference between net book value of depreciable
 Capital Asset as per books vis-à-vis written down
 value as per Income Tax Act, 1961.

| | As at 31st March 2018 | As at 31 March 2017 |
|--|--------------------------|------------------------|
| | - | - |
| | - | - |

12 LONG TERM LOANS AND ADVANCES

Unsecured Considered Good

Capital and Employees Advances
 Security Deposits
 Balance with Government Authorities

| | As at 31st March 2018 | As at 31 March 2017 |
|--|--------------------------|------------------------|
| | - | - |
| | 15,60,000 | 60,000 |
| | - | - |
| | 15,60,000 | 60,000 |

13 INVENTORIES

Consumables (Note 2.6)

Total

| | As at 31st March 2018 | As at 31 March 2017 |
|--|--------------------------|------------------------|
| | - | 50,000 |
| | - | 50,000 |

Note: As certified by the management.



FOUNDATION FOR NEGLECTED DISEASE RESEARCH
Notes to Financial Statements for the year ended 31st March 2018
(All amounts in Rupees, unless otherwise stated)

14 TRADE RECEIVABLES

Unsecured, Considered Good

Outstanding for a period exceeding six months from the date they are due for payment.

Others

Total

| As at 31st March 2018 | As at 31st March 2017 |
|--------------------------|--------------------------|
| - | - |
| 81,305 | - |
| 81,305 | - |

15 CASH AND CASH EQUIVALENTS

Cash in hand - As certified by the management

Balances with Scheduled Banks :

On Current Accounts

HDFC Bank Ltd - 50200007626651
HDFC Bank Ltd - 50200008168382
HDFC Bank Ltd - 50200014923888
HDFC Bank Ltd - 50200023620476
HDFC Bank Ltd - 50200024461931
HDFC Bank Ltd - 50200026631958
HDFC Bank Ltd - 50200026979121
ICICI Bank Ltd -231805000155
ICICI Bank Ltd -231805000180
ICICI Bank Ltd-231805000190

On Fixed Deposit, maturing within three months - HDFC Bank Ltd.

On Fixed Deposit, with original maturing for more than three months but less than one year from reporting date - HDFC Bank Ltd.

Total

| As at 31st March 2018 | As at 31 March 2017 |
|--------------------------|------------------------|
| - | - |
| 6,72,895 | 67,771 |
| 36,53,844 | 4,34,154 |
| 1,14,083 | 1,20,577 |
| 2,66,989 | 57,213 |
| 24,39,565 | - |
| 22,817 | - |
| 25,000 | - |
| 30,02,844 | - |
| 5,22,900 | - |
| 25,74,000 | - |
| 1,24,00,000 | 3,42,00,000 |
| 2,90,08,000 | - |
| 5,47,02,937 | 3,48,79,715 |

16 SHORT - TERM LOANS AND ADVANCES

Loans and advances to related party

Claims Receivable

Unsecured, Considered Good

Other Loans and Advances

Unsecured, Considered Good

Advance Income Tax, including Taxes
Deducted at Source(TDS)

Mat Credit Entitlement

Advance to Government Authorities

Goods & Services Tax (GST)

Security Deposits-

Interest Accrued on Fixed Deposit

Advance to Suppliers/ Other Parties

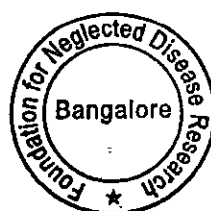
Prepayments/Prepaid Expenses

Employee Advances, including travelling advances

Miscellaneous

Total

| As at 31st March 2018 | As at 31 March 2017 |
|--------------------------|------------------------|
| - | - |
| - | - |
| 5,44,740 | 1,82,492 |
| - | - |
| 28,72,020 | 2,24,417 |
| - | - |
| 3,52,114 | 3,84,286 |
| 8,19,777 | 89,404 |
| 3,54,860 | 2,27,154 |
| 6,73,471 | - |
| - | - |
| 56,16,982 | 11,07,753 |



FOUNDATION FOR NEGLECTED DISEASE RESEARCH
Notes to Financial Statements for the year ended 31st March 2018
(All amounts in Rupees, unless otherwise stated)

17 REVENUE FROM OPERATIONS

Grants
Advisory/Consultancy

Total

Other Operating Revenue:

REVENUE FROM OPERATIONS

| | Year Ended 31st March 2018 | Year Ended 31 March 2017 |
|--------------------------------|-------------------------------|-----------------------------|
| Grants | 3,51,12,348 | 67,18,919 |
| Advisory/Consultancy | 23,65,138 | 13,45,800 |
| Total | 3,74,77,486 | 80,64,719 |
| Other Operating Revenue: | - | - |
| | 3,74,77,486 | 80,64,719 |
| REVENUE FROM OPERATIONS | 3,74,77,486 | 80,64,719 |

18 OTHER INCOME (Non-operating income)

Interest From Bank Deposits (Gross)

Other Non-Operating Income

Gain or Loss in Exchange Fluctuation

Interest on Income Tax Refund

Miscellaneous

Total

| | Year Ended 31st March 2018 | Year Ended 31 March 2017 |
|--------------------------------------|-------------------------------|-----------------------------|
| Interest From Bank Deposits (Gross) | 16,85,550 | 4,89,924 |
| Other Non-Operating Income | - | - |
| Gain or Loss in Exchange Fluctuation | - | 19,450 |
| Interest on Income Tax Refund | 4,02,823 | - |
| Miscellaneous | - | - |
| Total | 20,88,373 | 5,09,374 |

19 EMPLOYEE BENEFITS EXPENSE

Salaries , Wages , Bonus etc

Contribution to Provident, other Funds [Note 2.8(b)]

Staff Welfare Expenses

Gratuity - Unfunded [Notes 2.8 (d) and 36]

TOTAL

| | Year Ended 31st March 2018 | Year Ended 31 March 2017 |
|--|-------------------------------|-----------------------------|
| Salaries , Wages , Bonus etc | 1,46,46,376 | 47,33,119 |
| Contribution to Provident, other Funds [Note 2.8(b)] | - | - |
| Staff Welfare Expenses | 32,856 | 2,136 |
| Gratuity - Unfunded [Notes 2.8 (d) and 36] | 1,88,205 | - |
| TOTAL | 1,48,67,437 | 47,35,255 |



FOUNDATION FOR NEGLECTED DISEASE RESEARCH
Notes to Financial Statements for the year ended 31st March 2018
(All amounts in Rupees, unless otherwise stated)

20 FINANCE COST

Interest Expenses
Other Borrowing Cost

TOTAL

| Year Ended 31st March 2018 | Year Ended 31 March 2017 |
|-------------------------------|-----------------------------|
| - | - |
| - | - |
| - | - |

21 OTHER EXPENSES

Power and Fuel Expenses(Electricity Expenses)
Rent
Rates and Taxes
Repairs and Maintenance :
- Buildings
- Plant and Machinery
- Others (Computers)
Travelling Expenses - Domestic
Travelling Expenses - Foreign
Conveyance
Legal & Professional Fees (Note 21.1)
Statutory Audit Fees (Note 21.2)
Transportaion Hire Charges
Communication expenses - telephone,internet etc

Miscellaneous expenses

Advertising
Stationery and Printing
Bank Charges
Foreign gain or loss
Newspapers, Books and periodicals
Postage & Courier
Interest on Taxes At Source
Office Maintenance Charges
-Office Maint. Expenses
-Service Charges (Sweeper etc)
Insurance Expenses
General Expenses
Seminar Expenses
Webite Maintenance Expenses

Total

| Year Ended 31st March 2018 | Year Ended 31 March 2017 |
|-------------------------------|-----------------------------|
| - | - |
| 2,02,650 | 17,450 |
| 2,96,051 | 13,429 |
| - | 68,864 |
| 25,000 | - |
| 1,79,970 | 18,737 |
| 13,26,723 | 8,38,352 |
| 97,190 | - |
| 3,572 | - |
| 38,82,263 | 7,85,275 |
| 65,000 | 15,000 |
| - | 1,60,000 |
| 11,595 | 16,064 |
| - | - |
| 1,01,658 | 7,891 |
| 27,084 | 8,148 |
| 12,042 | - |
| 2,366 | 729 |
| 80,567 | 49 |
| 1,865 | 4,516 |
| - | - |
| 49,005 | 1,700 |
| 20,017 | - |
| 2,05,661 | 10,168 |
| - | - |
| 1,12,919 | 20,000 |
| 28,000 | 16,067 |
| 67,31,198 | 20,02,439 |

21.1 Legal & Professional Expenses include :

Professional Fees
Legal fees
Accounting and other Charges

| | |
|-----------|----------|
| 25,34,270 | 3,56,125 |
| 8,72,993 | 3,80,350 |
| 4,75,000 | 48,800 |
| 38,82,263 | 7,85,275 |

21.2 Amount paid / payable to Auditors

As Statutory Auditors
- Statutory Audit Fees(As above)
- Tax Audit Fees
- Limited Reviews
- Others (Certificates, etc.) paid to erstwhile statutory auditors
- Expenses reimbursed [inclusive of taxes paid in respect of services provided in earlier years - Rs. 2,700/- (Previous Year - Rs. 2,250/-)] to erstwhile statutory auditors.

| | |
|----------|--------|
| 65,000 | 15,000 |
| - | - |
| - | - |
| 53,750 | 6,525 |
| 12,263 | 3,168 |
| 1,31,013 | 24,693 |



FOUNDATION FOR NEGLECTED DISEASE RESEARCH
Notes to Financial Statements for the year ended 31st March 2018
 (All amounts in Rupees, unless otherwise stated)

22 In the opinion of the Directors , there is no impairment on assets in terms of Accounting Standard (AS) 28 on 'Impairment of Assets'.

23 Impact of any pending litigation (Contingent Liabilities) in respect of -

- a. Income Tax Matters under dispute
 [Net of payments Rs Nil lacs (Previous year Rs.Nil lacs)]
- b. Service Tax / any Indirect Taxes, disputed by the Management for which appeals will be preferred
- c. Pending litigations apart from items mentioned in a and b above

| As at 31st March 2018 | As at 31 March 2017 |
|--------------------------|------------------------|
| Nil | Nil |
| Nil | Nil |
| Nil | Nil |

24 Bank Guarantees outstanding

25 Guarantee given on behalf of the Company by Directors

26 Capital Commitments
 [Net of advance- Rs Nil (Previous Year Rs Nil)]

| As at 31st March 2018 | As at 31 March 2017 |
|--------------------------|------------------------|
| Nil | Nil |
| Nil | Nil |
| 20,42,960 | Nil |

27 Remuneration paid/payable to Chief Executive Officer [Key Managerial Personnel (KMP)] - Included under various expense heads.

- i) Salary
 ii) Monetary value of Perquisites/ Benefits
 Total

| Year Ended 31st March 2018 | Year Ended 31 March 2017 |
|-------------------------------|-----------------------------|
| 54,93,149 | 14,22,993 |
| | - |
| 54,93,149 | 14,22,993 |

28 Leases

28.1 The Company has entered a long term non-cancellable operating lease in respect of a premises located at Doodaballapur, Bangalore for an initial term of five (5) years with effect from 1 February 2018, renewable for another additional five (5) years. Accordingly, Company is supposed to pay an advance of Rs 25 Lacs, apart from rent of Rs 1,50,000 plus applicable taxes payable after two (2) months from the effective date of lease arrangement. An amount of Rs 15 lacs have been paid in accordance with lease deed at the time of execution of the said deed and balance Rs 10 lacs is payable on the date of the rent commencement, which has since been paid subsequent to the Balance Sheet Date. The future lease rent commitments for the next one year amounted to Rs.18 Lakhs and Rs.72 Lakhs for a period exceeding one year but not exceeding five years.

28.2 The Company has also acquired another premises under cancellable terms without any commitments.



FOUNDATION FOR NEGLECTED DISEASE RESEARCH
Notes to Financial Statements for the year ended 31st March 2018
(All amounts in Rupees, unless otherwise stated)

29 Earnings Per Share (EPS) - The numerators and denominators used to calculate Basic and Diluted EPS:

| | Year Ended 31st March 2018 | Year Ended 31 March 2017 |
|--|-------------------------------|-----------------------------|
| Surplus / (Deficit) after Tax (Rs) | 38,46,081 | 2,20,017 |
| 29.1 Basic | | |
| i. Number of Equity Shares at the beginning of the year | 10,000 | 10,000 |
| ii. Number of Equity Shares issued during the year | - | - |
| iii. Number of Equity Shares at the end of the year | 10,000 | 10,000 |
| iv. Weighted average number of Equity Shares outstanding during the year | 10,000 | 10,000 |
| v. Nominal Value of each Equity Share (Rs) | 10/- | 10/- |
| Basic Earnings per Share (Rs.) | 384.61 | 22.00 |
| 29.2 Diluted | | |
| i. Number of Potential Equity Shares at the beginning of the year | - | - |
| ii. Number of Potential Equity Shares issued during the year | - | - |
| iii. Number of Potential Equity Shares Converted/forfeited during the year | - | - |
| iv. Number of Potential Equity Shares at the end of the year | - | - |
| Diluted Earnings per Share (Rs.) | 384.61 | 22.00 |

29.3 The Company is a Section 8 "Not for Profit" Charitable Company. It does not distribute any dividends to its Shareholders. However, for the compliance of AS - 20, the Company has computed the aforementioned EPS.

30 Related Party Disclosure in keeping with Accounting Standard 18 on "Related Party Disclosures".

A) List of Related Parties and their relationship

| | |
|--|---|
| Ultimate Holding Company (Entity having entire control over the Company) | Nil |
| Subsidiaries | Nil |
| Key Management Personnel (KMP) | - Dr. Shrdhar Narayanan - Chairman and Chief Executive Officer - Dr. Radha Krishan Shandil - Director - Mr. Ashish Majumdar - Chief Financial Officer |
| Relatives of KMP | Dr. Parvinder Kaur, Consultant |

Enterprise over which KMP's and/or their relatives are able to exercise significant influence (with whom transactions have taken place during the year)

Nil

Enterprise having significant control over the Company, where a Director is interested.

Stabaka Consulting Private Limited

B) Particulars of transactions during the year ended 31st March, 2018:

| Particulars | Year Ended 31st March 2018 | Year Ended 31 March 2017 |
|--|-------------------------------|-----------------------------|
| I) Ultimate Holding Company | | |
| a) Rendering of Services / Service Income | - | - |
| b) Year-end Balances | | |
| i) Receivables | - | - |
| ii) Shares held by the Holding Company | - | - |
| iii) Investments | - | - |
| iv) Payables | - | - |
| II) Key Management Personnel | | |
| a) Remuneration | 1,10,54,802 | 30,08,120 |
| b) Reimbursement of Expenses | 5,46,827 | 3,22,015 |
| c) Foreign Travel advance | 5,23,117 | - |
| d) Unsecured Loan Taken | - | 11,50,000 |
| d) Year end Balance - Unsecured Loans | - | (31,50,000) |
| d) Year end Balance - (Payable) / Receivables | (1,91,948) | (23,11,773) |
| III) Relatives | | |
| a) Consultancy Charges | 15,60,000 | 3,90,000 |
| b) Reimbursement of Expenses | 3,14,863 | 56,250 |
| c) Year end Balance - (Payable) / Receivables | 79,368 | (1,33,975) |
| IV) Enterprise having Significant Influence Over the Company, where a Director is interested. | | |
| a) Management Consulting Charges | 17,07,722 | - |
| b) Reimbursement of Expenses incurred related to the Company* | 3,07,790 | 5,30,191 |
| c) Shares held | 10,000 | 10,000 |
| d) Year end Balance - (Payable) / Receivables | - | (5,30,191) |

Note: * Inclusive of Service Tax/GST



FOUNDATION FOR NEGLECTED DISEASE RESEARCH
Notes to Financial Statements for the year ended 31st March 2018
(All amounts in Rupees, unless otherwise stated)

| | Year Ended 31st March 2018 | % | Year Ended 31 March 2017 | % |
|--|-------------------------------|------------|-----------------------------|------------|
| 31 Value of Imported and Indigenous Consumption of Consumables | | | | |
| | <u>Value</u> | | <u>Value</u> | |
| Imported | 1,71,292 | 5 | - | - |
| Indigenous | 35,27,164 | 95 | 1,00,330 | 100 |
| | 36,98,456 | 100 | 1,00,330 | 100 |
| 32 C.I.F. Value of Imports : | | | | |
| (a) Consumables | 1,71,292 | | - | |
| (b) Spare Parts | - | | - | |
| (c) Capital Goods | - | | - | |
| 33 Expenditure in Foreign Currency : (on accrual basis) | | | | |
| Travelling (Including Travelling Advances) | 6,73,471 | | - | |
| Technical Know-How Fees | - | | - | |
| Royalty | - | | - | |
| 34 Earnings in Foreign Exchange (Remittance received) on account of | | | | |
| (a) Consultancy Fees | 4,78,946 | | - | |
| (b) Grants received from a Foreign Donor | 5,41,07,000 | | 3,38,50,000 | |
| (c) Technical Fees | - | | - | |
| (d) Dividend | - | | - | |
| 35 Remittance in Foreign Currency on account of Dividend to Non-Resident Shareholders On Equity Shares :- | | | | |
| (a) Amount Remitted | - | | - | |
| (b) Number of Non - Resident Shareholders | - | | - | |
| (c) Number of Shares held by them | - | | - | |
| (d) Dividend for the year | - | | - | |



FOUNDATION FOR NEGLECTED DISEASE RESEARCH
Notes to Financial Statements for the year ended 31st March 2018
(All amounts in Rupees, unless otherwise stated)

- 36 Particulars in respect of post retirement defined benefit plans (Gratuity) of the Company are as follows :-
The gratuity liability is determined on the basis of actuarial valuation using projected unit credit method.
The method recognises each period of service as giving rise to additional unit of employee benefit entitlement and benefit entitlement and measures each unit separately to build up the final obligations.

| Particulars | 2017-18 | 2016-17 |
|---|------------------------------|-------------------------|
| 1. Changes in Present Value of Obligation | | |
| a.Present Value of Obligation at the Beginning of the Year | - | - |
| b.Acquisition Adjustment | - | - |
| c.Interest Cost | - | - |
| d.Past Service Cost | 29,437 | - |
| e.Current Service Cost | 1,58,768 | - |
| f.Curtailment Cost | - | - |
| g.Settlement Cost | - | - |
| h.Actuarial (gain)/loss | - | - |
| i.Benefits paid | - | - |
| J.Present Value of Obligation at the end of the Year | 1,88,205 | - |
| 2. Reconciliation of changes in Fair Value of Plan Assets | | |
| a.Fair value of Plan Assets at the Beginning of the Year | - | - |
| b.Acquisition Adjustment | - | - |
| c.Expected return on Plan Assets | - | - |
| d.Actuarial gain/(loss) on Plan Assets | - | - |
| e.Contributions by the Employer | - | - |
| f.Contributions by the Employees | - | - |
| g.Benefits paid | - | - |
| h.Fair value of Plan Assets at the end of the Year | - | - |
| 3. Fair Value of Plan Assets | | |
| a.Fair value of Plan Assets at the Beginning of the Year | - | - |
| b.Acquisition Adjustment | - | - |
| c.Expected return on Plan Assets | - | - |
| d Actuarial gain/(loss) on Plan Assets | - | - |
| e.Contributions by the Employer | - | - |
| f.Contributions by the Employees | - | - |
| g.Benefits paid | - | - |
| h.Fair value of Plan Assets at the end of the Year | - | - |
| 4. Expenses recognised during the year : | | |
| a. Current Service cost | 1,58,768 | - |
| b. Interest cost | - | - |
| c. Expected return on Plan Assets | 29,437 | - |
| d. Past Service Cost | - | - |
| e. Actuarial (Gain) / Loss | - | - |
| f. Curtailment Cost | - | - |
| g. Settlement Cost | - | - |
| h. Expense recognised during the year | 1,88,205 | - |
| 5. Movement in the Liability recognised in the Balance Sheet: | | |
| a. Present Value of Obligation at the beginning of the Year | - | - |
| b. Expenses Recognised | 1,88,205 | - |
| c. Unrecognised Past Service Cost | - | - |
| d. Benefits Paid | - | - |
| e. Actual Return on Plan Assets | - | - |
| f. Present Value of Obligation at the end of the Year | 1,88,205 | - |
| 6. Investment Details of Plan Assets as at | 31st March, 2018 | 31st March, 2017 |
| a Govt of India Securities | - | - |
| b. Public Sector (PSU) Bonds | - | - |
| c State / Central Govt Securities | - | - |
| d. Special Deposit Scheme | - | - |
| e Other including Bank Balance | - | - |
| Total | - | - |
| 7. Assumptions | | |
| a. Discount rate per annum | 7.70% | - |
| b Salary escalation rate per annum (The estimate of future salary increases take into account inflation, seniority, promotion and other relevant reasons) | 8.00% | - |
| c Expected rate of return on Plan Assets (per annum) | - | - |
| d. Method used | Projected Unit Credit Method | - |



FOUNDATION FOR NEGLECTED DISEASE RESEARCH
Notes to Financial Statements for the year ended 31st March 2018
(All amounts in Rupees, unless otherwise stated)

37 Segment information

The primary focus of the Company is to contribute to the research activities / charitable activities (for the economic benefits to the society). All the activities of the Company rotate around the same. The Company does not have any geographical segments.

- 38 a) The Company did not have any long term contracts, including derivative contracts, for which there were any material foreseeable losses.
b) There are no amounts which are required to be transferred to the Investor Education and Protection Fund (IEPF) by the Company.

- 39 The Company has entered a "Letter Agreement" dated 30 October 2014 [hereinafter referred to as "Arrangement" with Astra Zeneca AB, Sweden (AZ)]. Pursuant to such arrangement, AZ will provide "financial and other support" (herein after referred to as "AZ Support") to the Company, being a charitable company established for the purpose of discovering therapies and diagnostics in the field of Neglected Diseases, under certain other terms and conditions, stipulated therein, which are being met by the Company from time to time.

Financial Support:

As per the Arrangement, the following financial support has been committed by AZ, subject to condition precedent to be met or being met from time to time.

Year 1: USD 500,000 to be paid on the effective date as per arrangement and USD 500,000 to be received on confirmation of the conditions stipulated by the arrangement, being met.

Year 2: USD 700,000 to be paid in two equal installments

Year 3: USD 500,000 to be paid in two equal installments

Year 4: USD 500,000 to be paid in two equal installments.

The Company has received the financial support of year 1, and first instalment of Year 2 so far.

The Company has credited the grant-in-cash, so received, to Grant Account under the Account head "Other Current Liabilities", to the extent unutilised.

Other Support :

Pursuant to the Arrangement along with a supportive Agreement with Indian Affiliate Astra Zeneca India Private Limited, wholly owned Subsidiary of AZ (AZIPL) dated 2 January 2015, AZ has donated assigned equipment valued at USD 324000/- belonging to Astra Zeneca India Private Limited (AZIPL). These equipments have been physically taken possession by the Company on February 28, 2017, as approved under Foreign Contribution (Regulation) Act, 2010.

Net Book Value appeared in the books of AZIPL amounted to Rs. 2,05,18,581 and received by the Company, has been recognized in the books initially as "Capital Work-in-Progress" in the earlier year with corresponding credited to Specific Grant Account. reflected under the head "Reserves and Surplus". The Company has capitalized the same during the current year and depreciated the said donated assets with a remaining useful lives of three years, which the management feels to be the best as per its prudence.

- 40 The Company has availed various goods and services on voluntary "pro-bono" basis from various parties the value of which is presently not ascertainable and hence not reflected in these accounts. In the opinion of the Directors, the value of the same is not material.

- 41 The Company has received tax exemption under Section 12A of Income Tax Act, 1961 during the year and hence the deferred taxation has not being recognized at a Balance Sheet Date.

In view of unabsorbed losses, no provision for taxation for current tax has been considered necessary in these accounts in respect of income from other sources, which are non-charitable in nature (Interest earned on Fixed Deposits)

- 42 The Company is registered under Section 8 of the Companies Act, 2013.

The Board of Directors are making an unreserved statement as to compliance of the applicable provisions of the new Companies Act, 2013 and those applicable Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014, such other applicable laws of the land and enforceable agreements / contracts, to the extent possible.

- 43 The Company has taken a policy to physically verify all its assets over a period of three (3) years. Pursuant to the same, the Company has verified the computers, laptops, UPS, printers and certain plant & machinery and furnitures during the year.

- 44 The Company has initiated the process of getting permanent registration for availing foreign contributions from appropriate authorities.

- 45 a) These financial statements have been presented in accordance with the provisions set out in Schedule III of the Companies Act, 2013.

b) Accordingly, the figures for the previous year have been regrouped/rearranged & reclassified wherever found necessary to conform with the current year's presentation.

c) The financial statements for the previous year were audited by another firm of Chartered Accountants, whose brought forward balances in the current year's financial statements were accepted for the purpose of these accounts.

d) The financial statements were authorized for the issue by the Board of Directors on June 23, 2018.

Signatures to Notes '1' to '45'

For MSKA & Associates (Formerly Known as MZSK & Associates)
Chartered Accountants
Firm Registration No. 105047W

Deepak Rao
Partner
Membership No. 113292

Place: Bangalore
Date: 23 June 2018



Ashish Majumdar
Ashish Majumdar
Chief Financial Officer

For and on behalf of Board of Directors

Shridhar Narayanan
Chairman

Radha Krishan Shandil
Director

Place : Bangalore
Date: 23 June 2018

