

Jubilant Chemsys Limited

Statutory Audit for the year ended

31 March 2015

B S R & Co. LLP

Chartered Accountants

Building No.10, 8th Floor, Tower-B
DLF Cyber City, Phase - II
Gurgaon - 122 002, India

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Independent Auditor's Report

To the Members of **Jubilant Chemsys Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of **Jubilant Chemsys Limited** ('the Company'), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year ended, and a summary of the 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 the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes 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 thereunder.

We conducted our audit in accordance with the Standards on Auditing 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 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 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 March 2015, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 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 the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.



B S R & Co. LLP

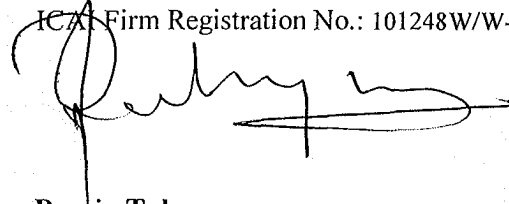
f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer note 23 of the standalone financial statements;
- ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses; and
- iii. There were no amounts which were required to be transferred, to the Investor Education and protection fund

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022



Pravin Tulsyan

Partner

Membership No.: 108044

Place: Noida

Date: 11 May 2015

Annexure to the Auditor's report
(Referred to in our report of even date)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us, the Company has a regular programme of physical verification of fixed assets by which all fixed assets are verified over a period of three years, and in accordance therewith, a portion of fixed assets has been physically verified by the management during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As explained to us, no material discrepancies were noticed on such verification.
2. (a) The inventories have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.

(b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company has maintained proper records of inventory. According to the information and explanations given to us, the discrepancies noticed on verification between the physical stocks and the book records were not material.
3. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraph 3(iii) (a) and (b) of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories and fixed assets are for the Company's specialised requirements and similarly certain sales of services are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of services. The operations of the company does not involve sale of goods. We have not observed any major weakness in the aforesaid internal control system during the year.
5. The Company has not accepted any deposits from the public during the year.
6. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Companies Act 2013 for any of the products manufactured/services rendered by the Company.
7. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Service tax, duty of Customs, duty of Excise, Value added tax and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained, the company did not have dues on account of wealth tax.



According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Service tax, duty of Customs, duty of Excise, Value added tax and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no disputed dues of Service tax, duty of Customs, duty of Excise and Value added tax which have not been deposited with the appropriate authorities. According to the information and explanations given to us, the following dues of Income Tax have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of the Dues	Amount involved (Rs. '000)	Amount paid under protest (Rs. '000)	Financials year to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	403	-	2007-08	ITAT
Income Tax Act, 1961	Income Tax	13,910	-	2008-09	ITAT
Income Tax Act, 1961	Income Tax	47,320	-	2010-11	CIT Appeals

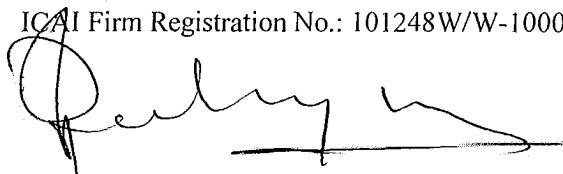
- (c) As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund.

8. The Company does not have any accumulated losses at the end of the financial year. However, it has not incurred cash losses in the financial year but has incurred cash losses in the immediately preceding financial year.
9. The Company did not have any outstanding dues to any financial institution, bank or debentureholders during the year.
10. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institution.
11. The Company did not have any term loans outstanding during the year
12. According to the information and explanations given to us by the management, no fraud on or by the Company has been noticed or reported during the course of our audit.

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022



Pravin Tulsyan

Partner

Membership No.: 108044

Place: Noida

Date: 11 May 2015

JUBILANT CHEMSYS LIMITED
Balance Sheet As at 31 March 2015

(Rs. in thousands)

	Note	As at 31 March 2015	As at 31 March 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	81,998	81,998
Reserves and surplus	3	390,852	445,439
		472,850	527,437
Non-current liabilities			
Long-term provisions	4	22,228	16,644
		22,228	16,644
Current liabilities			
Trade payables	5	32,797	47,942
Other current liabilities	6	18,897	11,321
Short-term provisions	7	5,530	5,718
		57,224	64,981
		552,302	609,062
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	181,566	254,993
Intangible assets	9	4,593	5,498
Capital work-in-progress	8	72,058	2,658
Long-term loans and advances	10	142,702	139,886
		400,919	403,035
Current assets			
Inventories	11	6,539	7,403
Trade receivables	12	77,788	92,606
Cash and bank balances	13	32,247	85,867
Short-term loans and advances	14	33,312	18,989
Other current assets	15	1,497	1,162
		151,383	206,027
		552,302	609,062
Summary of significant accounting policies	1A		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **BSR & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Pravin Tulsyan
Partner
Membership No.: 108044

Place : Noida
Date: 11 May 2015

For and on behalf of the Board of Directors of
Jubilant Chemsys Limited

S. N. Singh
Chairman

S. Bang
Director

Paresh Gupta
CS and CFO

JUBILANT CHEMSYS LIMITED

Statement of Profit and Loss for the year ended 31 March 2015

(Rs. in thousands)

	Note	For the year ended 31 March 2015	For the year ended 31 March 2014
REVENUE			
Revenue from operations	16		
Sales of services		505,142	477,059
Other operating revenue		899	1,196
		506,041	478,255
Other income	17	360	257
Total Revenue		506,401	478,512
EXPENSES			
Employee benefits expense	18	193,922	193,753
Finance costs	20	10	84
Depreciation and amortization	8,9	64,622	64,307
Other expenses	19	297,845	270,280
Total Expenses		556,399	528,424
(Loss) before exceptional items and tax		(49,998)	(49,912)
Exceptional items	21	(2,719)	22,514
(Loss) Before Tax		(47,279)	(72,426)
Tax expenses:			
- Current tax		-	-
- Deferred tax expense		2,484	-
		2,484	-
(Loss) for the year		(49,763)	(72,426)
Basic loss per share of Rs 10 each (Previous year Rs. 10 each) (In Rupees)	37	(24.88)	(36.22)
Diluted loss per share of Rs 10 each (Previous year Rs. 10 each) (In Rupees)	37	(24.88)	(36.22)
Summary of significant accounting policies	1A		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For M S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022

Pravin Tulsyan

Partner

Membership No.: 108044

Place : Noida

Date: 11 May 2015

For and on behalf of the Board of Directors of
Jubilant Chemsys Limited

S. N. Singh

Chairman

Patresh Gupta

CS and CFO

S. Bang

Director

Jubilant Chemsys Limited
Cash Flow Statement for the year ended 31 March 2015

(Rs. in thousands)

	For the year ended 31 March 2015	For the year ended 31 March 2014
A. Cash flows from operating activities :		
(Loss) before tax	(47,279)	(72,426)
Adjustments for:		
Depreciation and amortisation	64,622	64,307
Loss on sale/disposal/discard of fixed assets/intangibles	3,810	3,507
Finance Cost	10	84
Unrealised (gain)/loss on exchange -Net	(139)	12,983
Interest income	(314)	(257)
	67,989	80,624
Operating profit before working capital changes	20,710	8,198
Adjustments for :		
Decrease in trade and other receivables	479	18,146
Increase in inventories	864	4,748
(Decrease) in current liabilities and provisions	(11,106)	(18)
Cash generated from operations	10,947	31,074
Direct taxes paid (net of refunds)	(2,942)	(16,730)
Net cash provided by operating activities	8,005	14,344
B. Cash flows from investing activities :		
Acquisition/purchase of fixed assets/capital work in progress	(62,349)	(5,263)
Sale proceeds of fixed assets	513	94
Movement in other bank balances	(500)	-
Interest received	220	168
Net cash used in investing activities	(62,116)	(5,001)
C. Cash flows from financing activities :		
Finance cost paid	(10)	(84)
Net cash used in financing activities	(10)	(84)
Net Increase in cash and cash equivalents (A+B+C)	(54,121)	9,259
Add: Cash and cash equivalents at the beginning of year	84,868	75,609
Cash and cash equivalents at the close of the year (refer note 13)	30,747	84,868

Notes:

- 1) Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard 3 (AS-3)-" Cash Flow Statements".
- 2) Purchase/acquisition of fixed assets includes movement of Capital Work-in-Progress during the year.

As per our report of even date attached

For BSR & Co. LLP
Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022

Pravin Tulsyan
Partner
Membership No.: 108044

Place : Noida
Date: 11 May 2015

For and on behalf of the Board of Directors of
Jubilant Chemsys Limited

S.N. Singh
Chairman

S. Bang
Director

Paresh Gupta
CS and CFO

1. Corporate information

Jubilant Chemsys Limited (the Company) is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 1956 and is the wholly owned subsidiary of Jubilant Life Sciences Limited (the ultimate holding company). The Company is into drug discovery services and offers discovery chemistry services, medicinal chemistry services, hit to lead and lead optimization and scaling up from mg to kg in kilo lab and pilot plant to global drug discovery companies.

1A. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

A. Basis of preparation and presentation of financial statements

The accounts of the Company are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ("GAAP") and comply with the Accounting Standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, the other relevant provisions of the Companies Act, 2013 (including provisions of Companies Act, 1956 which continue to remain in force, to the extent applicable), pronouncements of the Institute of Chartered Accountants of India, to the extent applicable. The financial statements are presented as per Schedule III to the Companies Act, 2013 and in Indian rupees rounded off to the nearest thousands.

Previous year's figures have been regrouped/rearranged wherever considered necessary to conform to current year's classification.

B. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of financial statements and the results of operations during the reporting periods. Examples of such estimate include future obligations under employee benefit plans, income taxes, useful lives of tangible assets and intangible assets, impairment of assets, provision for doubtful debts etc. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could vary from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Appropriate changes in estimates are made as the management becomes aware of the changes in circumstances surrounding the estimates. Any revision to accounting estimates is recognised prospectively in current and future periods. Effect of material changes is disclosed in the notes to the financial statements.



C. Current-non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria in accordance with Schedule III to the Companies Act, 2013 set out below:

Assets

An asset is classified as current when it satisfies any of the following criteria:

- a. it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- b. it is held primarily for the purpose of being traded;
- c. it is expected to be realised within 12 months after the reporting date; or
- d. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- a. it is expected to be settled in the company's normal operating cycle;
- b. it is held primarily for the purpose of being traded;
- c. it is due to be settled within 12 months after the reporting date; or
- d. the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Operating cycle

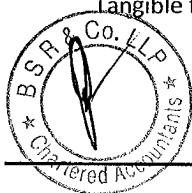
Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained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

D. Tangible and Intangible fixed assets

Tangible fixed assets

Tangible fixed assets are stated at cost net of tax/duty credits availed, if any, less accumulated depreciation/impairment losses. The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Tangible fixed assets under construction are disclosed as capital work-in-progress.



Intangible fixed assets

Acquired intangible assets

Intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss

Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

Expenditure for acquisition and implementation of software systems is recognised as part of the intangible assets.

E. Depreciation and amortisation

Upto 31 March 2014, depreciation was provided on straight line method at rates mentioned and in the manner specified in Schedule XIV to the Companies Act, 1956 (as amended), and read with statement as mentioned hereunder, on the original cost/ acquisition cost of assets or other amounts substituted for cost. Assets costing individually Rs 5,000 (in absolute amount) or less were fully depreciated in the year of purchase.

Depreciation is provided at the rates, mentioned in Schedule XIV to the Companies Act, 1956 read with Notification dated 16th December, 1993 issued by Department of Company Affairs, Government of India except for the following classes of fixed assets which are depreciated as under:

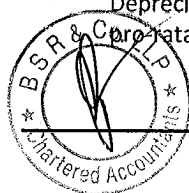
- a. Research and development related equipments and machineries: ten years.
- b. Computer and information technology related assets: three to five years.
- c. Certain employee perquisite related assets: five years, being the period of the perquisite scheme.

During the current year, pursuant to the Companies Act, 2013 ('the Act') being effective from 1 April 2014, the Company has revised depreciation rates on fixed assets as per the useful life specified in Part 'C' of Schedule II of the Act, read with notification dated 29 August 2014 of the Ministry of Corporate Affairs, on the original cost/ acquisition cost of assets or other amounts substituted for cost, except for the following classes of fixed assets which are depreciated as under:

- a. Computer servers and networks: five years.
- b. Employee perquisite related assets (except end user computers): five years, being the period of the perquisite scheme.

The above useful lives arrived at, based on the internal technical assessment of the management, are currently reflective of the estimated useful lives of the fixed assets. Also refer note 29.

Depreciation/ amortization on assets added/disposed off during the year has been provided on pro-rata basis with reference to the date of addition/disposal.



F. Impairment of fixed assets

Fixed assets are reviewed at each reporting date to determine if there is any indication of impairment. For assets in respect of which any such indication exists and for intangible assets mandatorily tested annually for impairment the asset's recoverable amount is estimated. For assets that are not yet available for use, the recoverable amounts estimated at each reporting date. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets (Cash Generating Unit or CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its net selling price. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Impairment losses are recognised in the Statement of Profit and Loss.

If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists or has decreased, the assets or CGU's recoverable amount is estimated. The impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such a reversal is recognised in the Statement of Profit and Loss.

G. Leases*Operating leases*

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease payments under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit.

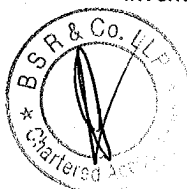
H. Valuation of inventories

The Company holds inventory of Consumable, Stores and Spares which are being used for rendering services to its customers. Such inventories are valued at lower of cost or net realizable value except scrap, which is valued at net estimated realizable value.

The methods of determining cost of various categories of inventories are as follows:

Consumables, stores and spares	Weighted average method
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Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition inclusive of excise duty wherever applicable.



I. Income taxes

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period.

Current tax

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws.

Deferred tax

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the current year and reversal of timing differences for earlier years. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each Balance Sheet date and are written-down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

Minimum alternate tax (MAT)

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with the recommendation contained in the Guidance Note on "Accounting for Credit Available in respect of Minimum Alternative Tax under The Income Tax Act, 1961" issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

J. Foreign currency conversions/ translations

Foreign currency transactions are recorded into Indian rupees by applying to the foreign currency amount the exchange rate between Indian rupees and the foreign currency on/or closely approximating to the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies as at the Balance Sheet date are translated into Indian rupees at the closing exchange rates on that date. The resultant exchange differences are recognised in the Statement of Profit and Loss.

Foreign Exchange Forward Contracts: The premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing monetary item, is amortised as expense or income over the life of the contract. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as an expense for the period. Such forward exchange contracts are translated at the closing exchange rates and resultant exchange differences are recognized in the same manner as those on the underlying foreign currency asset or liability.



Apart from the above mentioned foreign exchange forward contracts, the Company also enters into derivative contracts in the nature of forward contracts with an intention to hedge its highly probable forecasted transactions.

All these derivative contracts (except those derivative contracts which are designated as a hedging instrument for highly probable forecasted transactions) are marked-to-market and the resultant loss, if any, from these contracts are recognised in the Statement of Profit and Loss however the gain on mark to market of such contracts is ignored. The contracts are aggregated category-wise, to determine the net gain/loss.

Also refer note 31(d).

K. Provisions, contingent liabilities and contingent assets

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed in respect of possible obligations that may arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

L. Employee benefits

- (i) Short-term employee benefits: All employee benefits falling due within twelve months of the end of the period in which the employees render the related services are classified as short-term employee benefits, which include benefits like salaries, wages, short term compensated absences, performance incentives, etc. and are recognised as expenses in the period in which the employee renders the related service and measured accordingly.
- (ii) Post-employment benefits: Post employment benefit plans are classified into defined contribution plans and defined benefit plans in line with the requirements of AS 15 on "Employee Benefits".

a. Gratuity

The liability in respect of Gratuity, a defined benefit plan, is recognised in the books of account based on actuarial valuation using projected unit credit method as at Balance Sheet date by an independent actuary. Actuarial gains and losses arising from the experience adjustment and change in actuarial assumption are immediately recognised in the Statement of Profit and Loss as an income or expense.

b. Provident fund

- i) The Company makes provident fund contribution of its employees with Regional Provident Fund Commissioner. This is treated as defined contribution plan. Company's contribution to the provident fund is charged to Statement of Profit and Loss.



(iii) Other long-term employee benefits:

All employee benefits (other than post-employment benefits and termination benefits) which do not fall due within twelve months after the end of the period in which the employees render the related services are determined based on actuarial valuation carried out at each Balance Sheet date. Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits.

The Company's liability in respect of other long term employee benefits is actuarially determined (using the projected unit credit method) at the end of each year. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

(iv) Termination benefits:

Termination benefits are recognised as an expense when, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

M. Revenue recognition

Revenue from services rendered is recognized when the services have been rendered, recovery of the consideration is reasonably assured and the amount of revenue can be measured reliably on the following criteria:

- 1) In respect of the projects taken up as per the specification of the customers, revenue is recognized on the approval of/delivery of compounds to the customers. Undelivered compound are shown deferred revenue.
- 2) In respect of full time equivalent contracts, revenue is recognized on the basis of billable man-days actually spent.

Interest income

Interest on the deployment of surplus funds is recognized using the time-proportion method, based on interest rates implicit in the transaction.

N. Earnings per share

The basic earnings per share is calculated by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit after tax during the year and the weighted average number of shares outstanding during the year are adjusted for the effect of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the year unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Anti dilutive effect of any potential equity shares is ignored in the calculation of earnings per share.



	As at 31 March 2015	As at 31 March 2014
2. SHARE CAPITAL		
Authorized		
2,000,000 equity shares of Rs. 10 each (Previous year 2,000,000 equity shares of Rs. 10 each)	20,000	20,000
48,000,000 preference shares of Rs. 10 each (Previous year 48,000,000 preference shares of Rs. 10 each)	480,000	480,000
	500,000	500,000
Issued, subscribed and paid up		
1,999,766 equity shares of Rs. 10 each (Previous year 1,999,766 equity shares of Rs. 10 each)	19,998	19,998
6,200,000 8 % optionally convertible non- commulative redeemable preference shares (Previous year 6,200,000 8% optionally convertible redeemable preference shares of Rs. 10 each)	62,000	62,000
	81,998	81,998

Rights, preferences and obligations attached to class of shares:

2.1) The company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the company's residual assets. The equity shares are entitled to receive dividends as declared from time to time. The voting rights of equity shareholders on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the company. Voting rights can not be exercised in respect of shares on which any call or other sums presently payable have not been paid.

2.2) 8 % Optionally Convertible Non- commulative Redeemable Preference Shares, whole or part of the shares in one or more tranches, on or before the expiry of five years from the date of allotment Redemption Schedule is as below :
62,00,000 Preference Shares are redeemable on 31 March 2018.

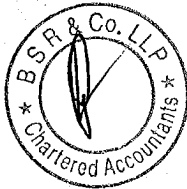
2.3) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts, including to preference share holders. However, no such preferential amounts, except preference shares, exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

2.4) The details of shareholders holding more than 5% shares is set out below:

Name of the shareholder	As at 31 March 2015		As at 31 March 2014	
	Number of shares	% holding	Number of shares	% holding
Equity shares				
Jubilant Drug Development Pte Limited, the holding company (including 6 shares held by Jubilant Drug Development Pte Limited jointly with 6 different individuals)	1,999,766	100%	1,999,766	100%
8% Optionally convertible non- commulative redeemable preference shares				
Jubilant Life Sciences Limited, the ultimate holding company	6,200,000	100%	6,200,000	100%

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

Particulars	As at 31 March 2015		As at 31 March 2014	
	Number of shares	Rs. in thousands	Number of shares	Rs. in thousands
Equity shares				
At the commencement and at the end of the year	1,999,766	19,998	1,999,766	19,998
8 % optionally convertible non- commulative redeemable preference shares				
At the commencement and at the end of the year	6,200,000	62,000	6,200,000	62,000



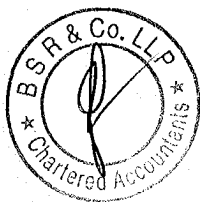
2.6) Shares held by holding company/ultimate holding company and/or their subsidiaries/associates

Out of the equity shares issued by the company, shares held by its holding company/ultimate holding company and/or their subsidiaries/associates are as below:

Name of the shareholder	As at 31 March 2015		As at 31 March 2014	
	Number of shares	(Rs. in thousands)	Number of shares	(Rs. in thousands)
Equity shares				
Jubilant Drug Development Pte Limited, the holding company*	1,999,766	19,998	1,999,766	19,998
8 % optionally convertible non- commulative redeemable preference shares				
Jubilant Life Sciences Limited, the ultimate holding company	6,200,000	62,000	6,200,000	62,000
* The term holding company may be construed as per AS-18		81,998		81,998

2.7) During the year and in last five years, the company has redeemed preference shares aggregating to Rs. 388,500 thousands. The company has neither issued any bonus shares nor shares have been issued for consideration other than cash during the last five years.

3. RESERVES AND SURPLUS	(Rs. in thousands)	
	As at 31 March 2015	As at 31 March 2014
Capital redemption reserve		
At the commencement of the year	388,500	388,500
Add: Transferred from surplus	-	-
At the end of the year	388,500	388,500
Surplus in the Statement of Profit and Loss		
At the commencement of the year	56,939	129,365
Add: Adjustment on account of revised useful lives of fixed assets (refer note 28)	(4,824)	-
Add: Net (loss) for the year	(49,763)	(72,426)
At the end of the year	2,352	56,939
	390,852	445,439
4. LONG TERM PROVISIONS		
Provision for employee benefits (refer note 31)	22,228	16,644
	22,228	16,644

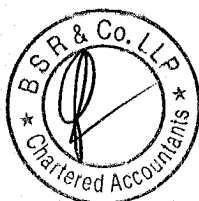


Jubilant Chemsys Limited

Notes to the financial statements for the year ended 31 March 2015

(Rs. in thousands)

	As at 31 March 2015	As at 31 March 2014
5. TRADE PAYABLES		
Trade payables - Others (For Micro, Small and Medium Enterprises refer note 27)	32,797	47,942
	32,797	47,942
6. OTHER CURRENT LIABILITIES		
Income received in advance/deferred revenue	-	1,144
Creditors for capital supplies and services	9,308	336
Employee benefits payroll	7,718	7,001
Statutory dues	1,871	2,840
	18,897	11,321
7. SHORT-TERM PROVISIONS		
Provision for employee benefits (refer note 31)	5,530	5,718
	5,530	5,718



8. TANGIBLE ASSETS

(Rs. in thousands)

Description	GROSS BLOCK-COST/BOOK VALUE				DEPRECIATION				NET BLOCK	
	As at 1 April 2014	Additions/ adjustments during the year	Deductions/ adjustments during the year	As at 31 March 2015	Upto 1 April 2014	Provided during the year (1)	Deductions/ adjustments during the year	Upto 31 March 2015	As at 31 March 2015	As at 31 March 2014
Tangible Assets:										
Plant and Equipment	504,215	139	12,149	492,205	381,021	51,888	8,191	525,518	166,887	222,594
Furniture and Fixtures	89,273	21	1,601	88,243	65,828	11,035	636	76,227	12,016	33,395
Office Equipments	25,152	446	-	25,598	16,148	6,787	-	22,935	2,603	9,004
TOTAL	618,590	606	13,750	606,246	363,997	69,710	8,827	424,481	181,506	254,993
Previous Year	634,096	619	16,145	618,590	313,681	63,460	12,544	363,597	254,993	
Capital Work in progress									72,038	2,638
									233,624	257,631

9. INTANGIBLE ASSETS

(Rs. in thousands)

Description	GROSS BLOCK-COST/BOOK VALUE				AMORTISATION				NET BLOCK	
	As at 1 April 2014	Additions/ adjustments during the year	Deductions/ adjustments during the year	As at 31 March 2015	Upto 1 April 2014	Provided during the year	Deductions/ adjustments during the year	Upto 31 March 2015	As at 31 March 2015	As at 31 March 2014
Software	10,231	1,314	-	11,545	4,733	2,219	-	6,952	4,593	5,498
TOTAL	10,231	1,314	-	11,545	4,733	2,219	-	6,952	4,593	5,498
Previous Year	7,842	2,389	-	10,231	2,886	1,847	-	4,733	5,498	
									4,593	5,498

(1) Includes Rs 7,307 thousands (previous year Nil) debited to opening balance of retained earnings based on transitional provision provided in Note 7 (b) of Schedule II of the Companies Act, 2013 (Refer Note 28)

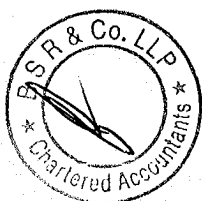


Jubilant Chemsys Limited

Notes to the financial statements for the year ended 31 March 2015

(Rs. in thousands)

	As at 31 March 2015	As at 31 March 2014
10. LONG TERM LOANS AND ADVANCES		
<i>(Unsecured and considered good)</i>		
Security deposits	9,448	9,575
MAT credit entitlement	93,978	93,978
Advance payment of income tax [net of provision Rs. 53,036 thousand (previous year Rs.53,036 thousands)]	39,276	36,333
	142,702	139,886
11. INVENTORIES		
<i>(Valued at the lower of cost and net realisable value)</i>		
Consumables, stores and spares	6,539	7,403
	6,539	7,403
12. TRADE RECEIVABLES		
Outstanding for period exceeding six months from the date they become due for payment		
Unsecured and considered good	58	22,133
Doubtful	7,468	7,468
	7,526	29,601
Allowances for doubtful receivables	7,468	7,468
	58	22,133
Other receivables		
Unsecured and considered good*	77,730	70,473
	77,730	70,473
(*Includes Rs. 1471 thousands (previous year Rs. 6471 thousands) due from the company in which directors of the Company are common)	77,788	92,606



Jubilant Chemsys Limited

Notes to the financial statements for the year ended 31 March 2015

(Rs. in thousands)

	As at 31 March 2015	As at 31 March 2014
13. CASH AND BANK BALANCES		
Cash and cash equivalent :		
Cash on hand	35	54
Cheques/drafts in hand	16	228
Imprest and gift/meal vouchers	142	77
	193	359
Bank balances :		
On Current accounts	30,554	84,508
Other bank balances :		
Balances with banks to the extent held as margin money *	1,500	1,000
*(pledged with banks for performance guarantee issued to government authorities on behalf of the Company)		
	32,247	85,867
14. SHORT TERM LOANS AND ADVANCES (Unsecured and considered good)		
Deposits	-	10
Balances with excise / sales tax authorities	24,017	10,593
Advances recoverable in cash or kind:		
- From related parties	-	1,205
- Loans and advances to employees	1,206	1,327
- Advance for supply of goods and services	116	-
- Prepaid expenses	7,973	5,854
	33,312	18,989
15. OTHER CURRENT ASSETS		
Other current assets*	1,497	1,162
*Including unbilled revenue of Rs. 1,151 thousands (previous year Rs. 909 thousands)		
	1,497	1,162



Jubilant Chemsys Limited

Notes to the financial statements for the year ended 31 March 2015

(Rs. in thousands)

	For the year ended 31 March 2015	For the year ended 31 March 2015
16. REVENUE FROM OPERATIONS		
SALE OF SERVICES		
Drug discovery research services	505,142	477,059
Other operating revenue		
Scrap sales	899	1,196
Revenue from operations	506,041	478,255
PARTICULARS OF SALES OF SERVICES		
Full time equivalent contract fees (including cost of chemicals recovered)	350,983	353,392
Project based contract research fees	154,159	123,667
	505,142	477,059
17. OTHER INCOME		
Interest income (net)	314	257
Other non-operating income	46	-
	360	257
18. EMPLOYEE BENEFITS EXPENSE		
Salaries, wages, bonus, gratuity and allowances	176,495	177,374
Contribution to provident and other funds	8,705	8,869
Staff welfare expenses	8,722	7,510
	193,922	193,753



Jubilant Chemsys Limited
Notes to the financial statements for the year ended 31 March 2015
(Rs. in thousands)

	For the year ended 31 March 2015	For the year ended 31 March 2014
19. OTHER EXPENSES		
Consumables, stores and spares	154,612	141,349
Rent (net of recoveries - Rs. 155 thousands (previous year Rs. 155 thousands))	27,617	29,930
Repairs and maintenance		
- Plant and machinery	25,401	18,194
- Building	760	432
- Other	38,140	37,765
Rates and taxes	296	272
Insurance	1,783	1,967
Advertisement, publicity and sales promotion	227	123
Business development expenses	10,221	7,395
Traveling and other incidental expenses	6,084	6,376
Vehicle running and maintenance	583	640
Printing and stationery	1,238	1,113
Communication expenses	1,283	1,451
Staff recruitment and training	1,584	666
Donation	540	-
Auditors remuneration		
- As Statutory Auditors	100	100
- For tax audit	50	50
- For certification*	125	137
Legal professional and consultancy charges	9,183	1,068
Freight and forwarding	2,278	1,555
Subscription	10,797	14,986
Bank charges	871	764
Discounts and claims to customer and other selling expenses	179	297
Loss on sale/disposal of fixed assets/intangibles fixed assets	3,810	3,507
Miscellaneous expenses	83	143
(*previous year amount represents fees paid to erstwhile auditors)	297,845	270,280
20. FINANCE COST		
Interest expense	10	84
	10	84
21. EXCEPTIONAL ITEMS		
Foreign exchange (gain)/ loss	(2,719)	22,514
	(2,719)	22,514



JUBILANT CHEMSYS LIMITED

Notes to the financial statements for the year ended 31 March 2015

22. Commitments

- a) Estimated amount of purchase orders released on account of Capital Expenditure as on 31 March 2015 is Rs. 9,779 (Previous Year Rs. Nil).
- b) The Company is a 100% Export Oriented Unit (EOU) therefore, the Company had to earn positive net foreign exchange over a period of 5 years in view of its recognition as 100% EOU under EOU Scheme 2009-14. However, the company has already achieved the positive net foreign exchange earnings.

23. Contingent liabilities (not provided for) :

- a) Outstanding Guarantees furnished by Banks on behalf of the company amounted to Rs. 3,321 thousands (Previous Year Rs. 3,321 thousands)
- b) In respect of demand of income tax of Rs. 403 thousands and Rs. 13,910 thousands for AY 2008-2009 and AY 2009-2010 respectively the cases has been decided in favour of the Company during the previous year by Commissioner of Income Tax (Appeals). During the current year, the Department has filed an appeal with the ITAT against the said orders. Further, during the current year, in respect of demand of Rs. 24,937 thousands for AY 2010-2011, the Company has received a favorable order from CIT (appeal) on 19 May 2014. The Company continues to show contingent liability for this case despite receiving favorable order, as the Department may prefer to file appeal with higher authorities against the said orders.

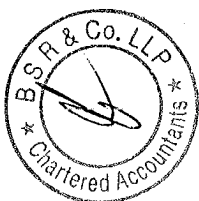
During the previous year, in respect of the assessment year 2011-12, the assessing Officer (Income-tax) passed an assessment order under section 143(3) of the Income tax Act and has made an addition amounting to Rs. 159,289 thousands and raised a demand of Rs. 47,320 thousands on issues similar to the one made in AY 2008-09, 2009-10 & 2010-11 which has already been adjudicated in favour of Company. During the current year, the Company has filed an appeal with the Commissioner of Income Tax (Appeals) in this regard. The proceedings are in progress.

- c) The Company has received various Show cause notices from office of the Commissioner Custom & Central Excise for demand of for Rs 1,38,849 thousands (Previous year Rs. 74,764 thousands) in respect of service tax liability, the same is being contested by the Company.

24. In view of the Company's recognition as EOU, all indirect taxes on inputs/services have been considered to be refundable and have been accounted for accordingly.

25. The Company's operating lease arrangements are cancelable in nature and are usually renewable by mutual agreeable terms. The aggregate lease rentals of Rs. 27,618 thousands (previous year Rs. 29,930 thousands) are charged as expenses.

26. The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing regulation under sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company continuously updates its documentation for the international and specified domestic transactions entered into with the associated enterprises during the financial year and expects such records to be in existence latest by its due date. The management is of the opinion that its international and domestic transactions are



JUBILANT CHEMSYS LIMITED**Notes to the financial statements for the year ended 31 March 2015**

at arms length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

27. Based on the information available with the management, there are no dues outstanding to micro, small and medium enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 as at 31 March 2015 and 31 March 2014.

28. During the year, pursuant to the Companies Act, 2013 ('the Act') being effective from 1 April 2014, the Company has revised depreciation rates on fixed assets as per the useful life specified in Part 'C' of Schedule II of the Act. As a result of this change, the depreciation charge for the year ended 31 March 2015 is higher by Rs. 7,590 thousands. Further, based on the transitional provision provided in Note 7(b) of the Schedule II an amount of Rs. 4,824 thousands (after adjustment for related tax impact) has been debited to opening balance of retained earnings in respect of the fixed assets where life has expired as per the said Schedule as on 31 March 2014.

29. Based on the principle of virtual certainty, deferred tax asset has been recognized only to the extent of deferred tax liabilities in line with the requirements of AS 22 "Accounting for Taxes on Income".

The components of deferred tax (net) are as follows:

	(Rs. in thousands)	
	As at 31 March 2015	As at 31 March 2014
Deferred tax assets on account of :		
Depreciation	9,606	-
Provision for gratuity, compensated absences	9,435	7,601
Provision for doubtful debts	2,538	2,538
Amount disallowed under section 43 B (Allowable on Payment basis)	1,515	1,490
Unabsorbed depreciation / carry forward business losses	23,378	14,217
Total (A)	46,472	25,846
Deferred tax liabilities on account of :		
Depreciation	-	5,387
Total (B)	-	5,387
Deferred tax asset - (Net)	46,472	20,459
Deferred tax assets recognized*	Nil	Nil

* Deferred tax asset has not been recognised in the absence of virtual certainty of realisation.

30. Hedging and derivatives:

- a) The Company uses various derivative instruments such as foreign exchange forward contracts to selectively hedge its exposures to movement in foreign exchange rates. These derivatives are not used for speculative or trading purposes.

Outstanding derivative contracts as on 31st March 2015 are Nil. (Previous Year Nil)



JUBILANT CHEMSYS LIMITED**Notes to the financial statements for the year ended 31 March 2015****b) Foreign currency exposure not hedged by derivative instrument:**

(Rs. in thousands)

Details	Currency	As at 31 March 2015			As at 31 March 2014		
		Amount in Foreign Currency	Exchange rate	Equivalent INR	Amount in Foreign Currency	Exchange rate	Equivalent INR
Amount receivable on account of sale of Services	USD	1,117	62.50	69,828	1,391	59.91	83,335
	EURO	59	67.19	3,996	56	82.68	4,630
Net Amount payable on account of purchase of goods	USD	128	62.50	8,013	235	59.91	14,079
	GBP	0.2	92.47	21	1	99.75	100
Amount outstanding as balance with Banks	USD	67	62.50	4,206	710	59.91	42,507
	EURO	1.3	67.19	89	4	82.68	317

- c) Mark to market losses in respect of foreign exchange forward contracts amounting to Rs. Nil (Previous year Rs. 13,533 thousands) has been charged to the Statement of Profit and Loss.
- d) During the current year, the Company discontinued hedge accounting applied in respect of certain foreign currency transactions including forward contracts under Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement" and the consequent financial impact is insignificant on the profit for the year had the Company continued to follow hedge accounting.

31. Employee Benefits has been calculated as under:

A) Defined Contribution Plans**a) Provident fund**

During the year, the Company has recognized the following amounts in the Statement of Profit and Loss:

(Rs. in thousands)

Description	For the year ended 31 March 2015	For the year ended 31 March 2014
Employers Contribution to Provident Fund	4,833	5,669
Employers Contribution to Employee's Pension Scheme 1995	2,647	1,853



JUBILANT CHEMSYS LIMITED**Notes to the financial statements for the year ended 31 March 2015**

- b) State Plans
 - i) Employee State Insurance
 - ii) Employee's Pension Scheme 1995

During the year, the Company has recognized the following amounts in the Statement of Profit and Loss:
(Rs. in thousands)

Description	For the year ended 31 March 2015	For the year ended 31 March 2014
Employers Contribution to Employee's State Insurance	430	543

B) Defined benefit plans

- a) Gratuity

In accordance with Accounting Standard 15 (AS 15)-"Employee Benefits (Revised 2005)" an actuarial valuation has been carried out in respect of gratuity.

Actuarial assumptions are as follows:

a) Economic assumptions

The principal assumptions are the discount rate and salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities and the salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis. Valuation assumptions are as follows which have been agreed by the Company:

	For the year ended 31 March 2015	For the year ended 31 March 2014
i) Discounting Rate (%)	7.44	9.40
ii) Future salary Increase	10.00% for 3 years and 6.00% thereafter.	10.00% for 3 years and 6.00% thereafter.

b) Demographic assumptions

	For the year ended 31 March 2015	For the year ended 31 March 2014
i) Retirement Age (Years)	58	58
ii) Mortality Table	IALM (2006 - 08)	
iii) Ages	Withdrawal Rate (%)	Withdrawal Rate (%)
Up to 30 Years	44.20	42.79
From 31 to 44 years	15.12	19.84
Above 44 years	33.33	30.77



JUBILANT CHEMSYS LIMITED**Notes to the financial statements for the year ended 31 March 2015****Reconciliation of opening and closing balances of the present value of the defined benefit obligation:**

(Rs. in thousands)

Description	Gratuity	
	For the year ended 31 March 2015	For the year ended 31 March 2014
Present value of obligation as at the beginning of the year	10,165	6,446
Current service cost	2,641	2,380
Interest cost	955	516
Actuarial (gain)/loss	1,220	4,327
Benefit paid	(1913)	(3,504)
Present value of obligation as at end of the year	13,068	10,165

Cost recognized for the year (included under Salaries, wages, bonus, gratuity and allowances)

(Rs. in thousands)

Description	Gratuity	
	For the year ended 31 March 2015	For the year ended 31 March 2014
Current service cost	2,641	2,380
Interest cost	955	516
Actuarial (gain)/loss	1,220	4,327
Net cost recognized for the Year	4,816	7,223

Experience adjustment for the current and previous four year

(Rs. in thousands)

	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013	For the year ended 31 March 2012	For the year ended 31 March 2011
Present value of obligation as at the end of the year	13,068	10,165	6,446	7,751	7,247
Fair value of plan assets at the end of the year	-	-	-	-	-
Surplus / (deficit)	(13,068)	(10,165)	(6,446)	(7,751)	(7,247)
Experience adjustment on plan liabilities (loss) / gain	(9,011)	(1,315)	(1,798)	368	(2,080)
Experience adjustment on plan assets (loss) / gain	-	-	-	-	-



JUBILANT CHEMSYS LIMITED**Notes to the financial statements for the year ended 31 March 2015**

c) Other long term benefits (Compensated Absences)

(Rs. in thousands)

	As at 31 March 2015	As at 31 March 2014
Present value of compensated absences as at the end of the year	14,689	12,197

32. Segment information

Based on the guiding principles given in the Accounting Standard on 'Segment Reporting' (AS -17) the Company is of opinion that its primary business segment is in the business of chemistry services i.e. contract research. As the Company's business activity falls within a single primary segment, the disclosure requirements of the said AS-17 in this regard are not applicable.

33. Related party transactions:**I. Related party where control exists:**

- (a) Holding Company: Jubilant Drug Development Pte Limited, Singapore
- (b) Ultimate Holding Company: Jubilant Life Sciences Limited

II. Fellow Subsidiaries:

- i. Jubilant Biosys Limited, India (JBL)
- ii. Jubilant Discovery Services Inc., USA
- iii. Jubilant Drug Discovery Services Inc, Canada
- iv. Jubilant Clinsys Limited.
- v. Jubilant Generics Limited

III. Ultimate Holding Company and Fellow Subsidiaries with whom transactions have taken place during the year:**Ultimate Holding Company****i) Jubilant Life Sciences Limited, India (JLSL)**

(Rs. in thousands)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Expenses recharged for facilities provided by JLSL	1,824	8,077
Cost Sharing Recharge (inc. of Tax)	9,269	-
Rent	4,852	9,948
Chemicals purchase	15,918	15,876
Service received	0.5	12



JUBILANT CHEMSYS LIMITED

Notes to the financial statements for the year ended 31 March 2015

Fellow Subsidiary Companies**ii) Jubilant Biosys Limited, India (JBL)**

(Rs. in thousands)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Shared expenses charged by JBL	20,730	19,001
Shared expenses charged to JBL	418	453
Contract research fee billed to JBL (including cost of chemicals and service tax in relation to past year services)	25,618	154,040
Purchase of fixed assets	-	728

iii) Jubilant Discovery Services Inc, USA

(Rs. in thousands)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Contract research fee billed (Including cost of chemicals)	670	48,225
Business development expenses	10,221	7,395

iv) Jubilant Drug Discovery Services Inc, Canada

(Rs. in thousands)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Contract research fee billed (including cost of chemicals)	2,015	937

v) Jubilant Clinsys Limited

(Rs. in thousands)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Shared expenses charged to Clinsys	-	1,514
Services received	-	21

vi) Jubilant Generics Limited

(Rs. in thousands)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Shared expenses charged to Generics	397	-
Sale of Fixed Assets to Generics	200	-
Services received	25	-
Shared expenses charged by Generics	3272	-



JUBILANT CHEMSYS LIMITED**Notes to the financial statements for the year ended 31 March 2015****IV. Outstanding balances at year end in respect of Ultimate Holding Company and Fellow Subsidiaries:****Ultimate Holding Company****i) Jubilant Life Sciences Limited**

(Rs. in thousands)

Particulars	As at 31 March 2015	As at 31 March 2014
Receivables	-	16
Trade payable	789	-
Other Payable	4,145	13,017

Fellow Subsidiary Companies**ii) Jubilant Biosys Limited**

(Rs. in thousands)

Particulars	As at 31 March 2015	As at 31 March 2014
Receivables (trade receivable)	1,471	6,472
Other receivables	-	453
Payable	5,339	2,613

iii) Jubilant Discovery Services Inc, USA

(Rs. in thousands)

Particulars	As at 31 March 2015	As at 31 March 2014
Receivables	338	13,658
Payables	3,636	11,818

iv) Jubilant Drug Discovery Services Inc, Canada

(Rs. in thousands)

Particulars	As at 31 March 2015	As at 31 March 2014
Receivables	-	906

v) Jubilant Clinsys Limited

(Rs. in thousands)

Particulars	As at 31 March 2015	As at 31 March 2014
Receivable	-	736

vi) Jubilant Clinsys Inc.

(Rs. in thousands)

Particulars	As at 31 March 2015	As at 31 March 2014
Receivable	-	23,984



JUBILANT CHEMSYS LIMITED**Notes to the financial statements for the year ended 31 March 2015****Details of the remuneration to the key management personnel:**

- i. Dr. Vikas Shreekrishna Shirsath, Whole Time Director w.e.f. 8 April 2013
- ii. Dr. Subir Kumar Basak, Director

Remuneration to key management personnel

(Rs. in thousands)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Dr. Vikas Shreekrishna Shirsath	4,842	3,876
Dr. Subir Kumar Basak	11,002	8,937

34. Value of imports on C.I.F. basis during the year:

(Rs. in thousands)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Consumables, stores and spares	65,365	53,917
Capital goods	15,812	-

35. Expenditure in Foreign Currency (on accrual basis)

(Rs. in thousands)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Traveling expenses	706	722
Business development expenses	10,221	7,395
Others (including subscription and conference expenses)	8,424	11,410
Total	19,351	19,527

36. Earnings in Foreign Currency

(Rs. in thousands)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Drug discovery research services*	495,360	462,451

* Including deemed export where foreign exchange has been received



JUBILANT CHEMSYS LIMITED**Notes to the financial statements for the year ended 31 March 2015****37. Earnings per share****I. (Loss) computation for earnings per share**

S.No.	Earnings Per Share (EPS)	For the year ended 31 March 2015	For the year ended 31 March 2014
a)	Loss for basic earnings per share of Rs.10 each (Rs. in thousands)	(49,763)	(72,426)
b)	Loss for diluted earnings per share of Rs. 10 each (Rs. in thousands)	(49,763)	(72,426)

II. Weighted average number of equity shares for earnings per share computation

		For the year ended 31 March 2015	For the year ended 31 March 2014
a)	For basic earnings per share (Nos.)	1,999,766	1,999,766
b)	For diluted earnings per Share (Nos.)	8,199,766	8,199,766

III. (Loss) per Share

		For the year ended 31 March 2015	For the year ended 31 March 2014
a)	Basic (loss) per share (Rs.)	(24.88)	(36.22)
b)	Diluted (loss) per share (Rs.)*	(24.88)	(36.22)

Note: As the Preference Shares are Non Cumulative, no effect of dividend on the said shares has been given.

* Dilutive EPS has been kept at basic EPS as the element of dilution has an anti dilutive effect.

38. Previous year's figures are regrouped, rearranged and reclassified wherever found necessary to confirm to this year classification/presentation.

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No: 101248W/W-100022

Pravin Tulsyan

Partner

Membership No.: 108044

Place: Noida

Date: 11 May 2015

For and on behalf of the Board of Directors of
Jubilant Chemsys Limited

S. N. Singh

Chairman

S. Bang

Director

Paresh Gupta

CS & CFO