

# **Jubilant Biosys Limited**

**Annual financial results for the year ended**

**31 March 2016**

# B S R & Co. LLP

Chartered Accountants

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

Telephone: + 91 124 2358 610  
Fax: + 91 124 2358 613

## Independent Auditor's Report

To the Members of **Jubilant Biosys Limited**

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Jubilant Biosys Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone 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 standalone 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 standalone 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 standalone 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 standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.



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 standalone 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 standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 2016, and its loss and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

- (i) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A", a Statement of the matters specified in paragraphs 3 and 4 of the Order.
- (ii) 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 standalone 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 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - (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 has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 23 to the standalone financial statements;



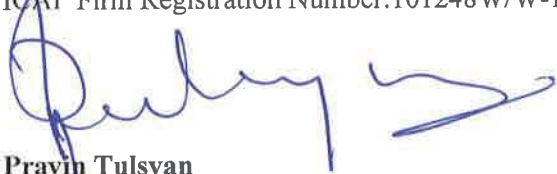
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- (ii) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- (iii) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

*For B S R & Co. LLP*

*Chartered Accountants*

ICAI Firm Registration Number:101248W/W-100022



**Pravin Tulsyan**

*Partner*

Membership No: 108044

Place: Noida

Date: 23 May 2016

**Annexure A to the Independent Auditor's Report**

The Annexure A referred to in our report to the members of the Company for the year ended 31 March 2016. We report that:

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified 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 informed to us, the discrepancies noticed on such verification were not material and have been properly adjusted in the books of account.
- (c) The Company does not hold any immovable property. Accordingly, paragraph 3(i) (c) of the Order is not applicable.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. As informed to us, the discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly adjusted in the books of account.
- (iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
- (iv) According to the information and explanations given to us and on the basis of our examination of records, the Company has not given any loan or provided any guarantee or security to the parties covered under section 185 and 186 of the Act. Further, the Company has complied with the provision of Section 186 of the Act in respect of investments made to the parties covered under Section 186.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Accordingly, paragraph 3(v) of the Order is not applicable.
- (vi) 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. Accordingly, paragraph 3(vi) of the Order is not applicable.
- (vii) (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, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have



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generally been regularly deposited with the appropriate authorities. As explained to us, Company did not have any dues on account of employees' state insurance and wealth tax.

According to the information and explanations given to us, no amounts payable in respect of undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at 31 March 2016 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 dues of sales tax, service tax, duty of customs and value added tax which have not been deposited with the appropriate authorities on account of any dispute. According to the informations and explanations given to us, the following dues of income-tax have not been deposited by the Company on account of disputes:

Rs. in lacs					
Name of the Statute	Nature of the Dues	Amount involved*	Amount paid under protest	Financial year to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	6.25	6.25	2007-08 2008-09	Commissioner of Income Tax (Appeals)

\*amount as per demand orders including interest and penalty, wherever indicated in the order.

- (viii) The Company did not have any outstanding dues to any financial institution, bank, government or debenture holders during the year.
- (ix) Based on our examination of books of account and according to the information and explanations given to us, no term loan was taken by the Company and the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, paragraph 3(ix) of the Order is not applicable.
- (x) Based on our examination of the books of account and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) Based on our examination of the books of account and according to the information and explanations given to us, the Company has not paid / provided for managerial remuneration during the year. Accordingly, paragraph 3(xi) of the Order is not applicable.
- (xii) According to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) Based on our examination of the books of account and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the standalone financial statements, as required by the applicable accounting standards.

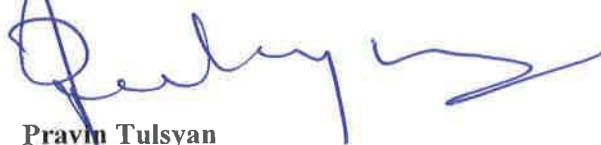
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- (xiv) Based on our examination of the books of account and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provision of paragraph 3(xvi) of the Order is not applicable.

*For B S R & Co. LLP*

*Chartered Accountants*

ICAI Firm Registration Number: 101248W/W-100022



**Pravin Tulsyan**

*Partner*

Membership No.: 108044

Place: Noida

Date: 23 May 2016

## **Annexure B to the Independent Auditor's Report**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act**

We have audited the internal financial controls over financial reporting of Jubilant Biosys Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

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

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

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

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



### **Meaning of Internal Financial Controls Over Financial Reporting**

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

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

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

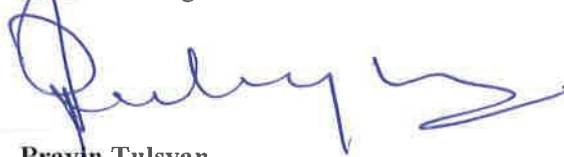
### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

*For B S R & Co. LLP*

*Chartered Accountants*

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



**Pravin Tulsyan**

*Partner*

Membership No.: 108044

Place: Noida

Date: 23 May 2016

**Jubilant Biosys Limited**  
**Balance Sheet as at 31 March 2016**

		Rs. in laes	
	Note	As at 31 March 2016	As at 31 March 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	44.13	44.13
Reserves and surplus	3	(12,523.95)	(11,118.23)
		(12,479.82)	(11,074.10)
<b>Non-current liabilities</b>			
Long-term provisions	4	307.40	250.11
		307.40	250.11
<b>Current liabilities</b>			
Short-term borrowing	5	15,138.00	15,138.00
Trade payables	6		
Total outstanding dues of micro enterprises and small enterprises		20.50	-
Total outstanding dues of creditors other than micro enterprises and small enterprises			
		677.65	779.04
Other current liabilities	7	3,793.08	3,786.60
Short-term provisions	8	75.89	75.05
		19,705.12	19,778.69
		<b>7,532.70</b>	<b>8,954.70</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible fixed assets	9	2,547.68	3,139.16
Intangible fixed assets	9	83.29	117.37
Capital Work in Progress	9	13.02	-
Non-current investments	10	1,168.75	1,168.75
Long-term loans and advances	11	339.67	227.12
		4,152.41	4,652.40
<b>Current assets</b>			
Inventories	12	16.40	11.33
Trade receivables	13	2,136.96	1,857.95
Cash and bank balances	14	452.68	1,662.07
Short-term loans and advances	15	698.86	725.83
Other current assets	16	75.39	45.12
		3,380.29	4,302.30
		<b>7,532.70</b>	<b>8,954.70</b>
Significant accounting policies	1A		
Notes to the financial statements	1-38		
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

For and on behalf of the Board of Directors of  
**Jubilant Biosys Limited**



**Dr. Ashutosh Agarwal**

Director

DIN:07187888



**R. Sankaraiah**

Director

DIN:00025022

Place : Noida

Date: 23 May 2016

**Jubilant Biosys Limited**
**Statement of Profit and Loss for the year ended 31 March 2016**
**Rs. in lacs**

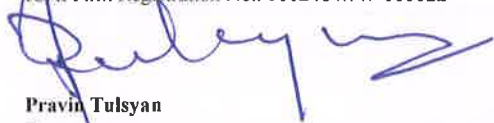
	Note	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>REVENUE</b>			
Revenue from operations (net)	17		
Sales of services		5,797.34	5,702.27
Other operating revenue		4.11	22.95
		5,801.45	5,725.22
Other income	18	83.25	99.10
<b>Total Revenue</b>		<b>5,884.70</b>	<b>5,824.32</b>
<b>EXPENSES</b>			
Employee benefits expense	19	2,461.52	2,387.84
Finance costs	20	-	1,538.06
Depreciation and amortization	9	949.91	1,006.64
Other expenses	21	3,934.95	3,863.98
<b>Total Expenses</b>		<b>7,346.38</b>	<b>8,796.52</b>
<b>(Loss) before exceptional items and tax</b>		<b>(1,461.68)</b>	<b>(2,972.20)</b>
Exceptional items	22	(55.95)	(56.82)
<b>(Loss) before tax</b>		<b>(1,405.73)</b>	<b>(2,915.38)</b>
Tax expenses:			
- Deferred tax expense		-	60.37
		-	60.37
<b>(Loss) for the year</b>		<b>(1,405.73)</b>	<b>(2,975.75)</b>
Basic/diluted loss per share of Rs 10 each (Previous year Rs. 10 each) (In Rupees)	37	(318.54)	(674.31)
Significant accounting policies	1A		
Notes to the financial statements	1-38		
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

For and on behalf of the Board of Directors of

**Jubilant Biosys Limited**
  
**Dr. Ashutosh Agarwal**  
Director  
DIN:07187888

  
**R. Sankaraiah**  
Director  
DIN:00025022

Place : Noida

Date: 23 May 2016

**Jubilant Biosys Limited**  
**Cash Flow Statement for the year ended 31 March 2016**

Rs. in lacs

	For the Year ended 31 March 2016	For the Year ended 31 March 2015
<b>A. Cash flows from operating activities :</b>		
Net loss before tax as per Statement of Profit and Loss	(1,405.73)	(2,915.38)
Adjustments for:		
Depreciation and amortisation	949.91	1,006.64
Loss on sale/disposal/discard of fixed assets	-	6.93
Finance costs	-	1,538.06
Bad debts / irrecoverable advances written off/ provided for (net of write back)	1.84	2.04
Unrealised (gain)/loss on exchange	(7.64)	4.25
Interest income	(81.76)	(98.52)
	862.35	2,459.40
<b>Operating loss before working capital changes</b>	<b>(543.39)</b>	<b>(455.98)</b>
(Increase)/decrease in trade and other receivables	(373.22)	802.02
(Increase)/decrease in inventories	(5.06)	0.39
(Decrease)/increase in current liabilities and provisions	(44.80)	241.57
<b>Cash (used in)/ generated from operations</b>	<b>(966.46)</b>	<b>588.00</b>
Direct taxes paid (net of refunds)	(36.80)	(31.65)
<b>Net cash (used in)/generated from operating activities</b>	<b>(1,003.26)</b>	<b>556.35</b>
<b>B. Cash flows from investing activities :</b>		
Acquisition/purchase of fixed assets/CWIP	(309.81)	(76.25)
Sale proceeds of fixed assets	-	2.06
Interest income received	103.68	76.60
<b>Net cash (used in)/ generated from investing activities</b>	<b>(206.13)</b>	<b>2.41</b>
<b>C. Cash flows from financing activities :</b>		
Finance costs paid	-	(153.86)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(153.86)</b>
<b>Net Increase in cash and cash equivalents (A+B+C)</b>	<b>(1,209.39)</b>	<b>404.90</b>
Add: cash and cash equivalents at the beginning of year	1,661.07	1,256.17
<b>Cash and cash equivalents at the end of the year</b>	<b>451.68</b>	<b>1,661.07</b>
<b>Notes:</b> 1) Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard 3 (AS-3)-" Cash Flow Statements".		

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

**Pravin Tulsyan**  
 Partner  
 Membership No.: 108044

For and on behalf of the Board of Directors of  
**Jubilant Biosys Limited**

**Dr. Ashutosh Agarwal**  
 Director  
 DIN:07187888

**R. Sankaraiah**  
 Director  
 DIN:00025022

Place : Noida  
 Date: 23 May 2016

**1. Corporate Information**

Jubilant Biosys Limited (the Company) is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 1956. The Company is an integrated discovery collaborator to major pharmaceutical and biotech companies, accelerating global discovery efforts across multiple therapeutic areas. Jubilant Biosys engages in a range of functional discovery services and shared risk collaborations with multiple global partners.

Globally leveraged, Jubilant offers an integrated and collaborative platform of drug discovery and development services to the global pharmaceutical industry.

**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 lacs.

**B. Going concern**

The Company was incorporated in year 1998 and has been incurring losses. As a result, the Company's net worth has been significantly eroded. Jubilant Life Science Limited, the ultimate holding Company has expressed that it would continue to provide financial support to the Company. In view of the committed support from the ultimate holding company, the management considers that it is appropriate to prepare these financial statements on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. Accordingly, the assets and liabilities are recorded on the basis that the Company will be able to use or realise its asset at least at the recorded amounts and discharge its liabilities in the usual course of business.

**C. 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, liabilities, income and expenses and 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, 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.

**D. Current/non-current classification**

All assets and liabilities are classified into current and 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 /noncurrent classification of assets and liabilities.

**E. 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/amortisation/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. Advances paid towards acquisition of tangible fixed assets outstanding at each Balance Sheet date, are shown under long-term loans and advances and cost of assets not ready for intended use before the year end, are shown as capital work-in-progress.



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

Insurance spares/standby equipments are capitalised as part of the mother asset and are depreciated at applicable rates, over the remaining useful life of the mother assets.

*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.

*Internally generated intangible assets*

Internally generated goodwill is not recognised as an asset. With regard to other internally generated intangible assets:

- Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in statement of profit and loss as incurred.
- Development activities involve a plan or design for the production of new or substantially improved products or processes. Development expenditure including regulatory cost and legal expenses leading to product registration/ market authorisation relating to the new and/or improved product and/or process development capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and directly attributable borrowing costs (in the same manner as in the case of tangible fixed assets). Other development expenditure is recognised in profit or loss as incurred.

A tangible/intangible asset is derecognised on disposal or when no future economic benefits are expected from its use and disposal. Losses arising from retirement and gains or losses arising from disposal of a tangible/intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss. Assets retired from active use and held for disposal are stated at the lower of their net book value and net realisable value and are shown under 'Other current assets'

**F. Depreciation and amortisation**

Depreciation is provided on straight line basis on the original cost/ acquisition cost of assets or other amounts substituted for cost of fixed assets as per the useful life specified in Part 'C' of Schedule II of the Companies Act, 2013 ('the Act') read with notification dated 29 August 2014 of the Ministry of Corporate Affairs, except for the following classes of fixed assets which are depreciated based on the internal technical assessment of the management as under:



Category of assets	Management estimate of useful life	Useful life as per schedule II
Computer and information technology related assets included in office equipment	3-5 years	6 years

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

Leasehold assets are amortised over the lease period on straight line basis.

Intangible assets in the nature of Product registrations / Market authorisations (Products) are amortised on a straight-line basis over a period of five years in case of internally developed products (intangibles) and 10 years in case of bought out product (intangibles), from the date of regulatory approval or the date of product going off-patent, whichever is later. Software systems are being amortised over a period of five years being their useful life. Rights are amortised over the useful life.

#### **G. 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 amount is 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.

#### **H. 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.



**I. Valuation of inventories**

The Company holds inventory of Chemicals, Reagents, and Glassware etc. which are being used for rendering services to its customers. Such inventories are valued at lower of cost or net realisable value except scrap, which is valued at net estimated realisable value.

The methods of determining cost of inventories are as follows:

Lab chemicals and consumables	Weighted average method
-------------------------------	-------------------------

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.

**J. Investments**

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realised within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments" in consonance with the current/non-current classification scheme of Schedule III.

Current investments are carried at cost or fair value, whichever is lower. Long-term investments (including current portion thereof) are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

Investment in foreign subsidiary company is expressed in Indian currency at the rates prevailing on the date when the remittance for the purpose was made/ foreign currency balance lying abroad was used, as the case may be.

Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss. Profit or loss on sale of investments is determined on the basis of weighted average carrying amount of investments disposed off.

**K. Income tax**

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

*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 realisation 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.



**L. 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.

Non monetary assets are recorded at the rates prevailing on the date of transaction.

A monetary asset or liability is termed as a long-term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of 12 months or more at the date of origination of the asset or liability.

**M. Provisions, contingent liabilities and contingent assets**

The Company recognises 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. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. Provisions, other than long-term employee benefits, are measured on an undiscounted basis. 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.

**N. 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 Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. The liability in respect of Gratuity is recognised in the books of account based on actuarial valuation by an independent actuary.



**b. Provident fund**

The Company makes contribution to the recognised provident fund of its employees in India. Provident Fund is deposited 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:**

*Compensated absences*

As per the Company's policy, eligible leaves can be accumulated by the employees and carried forward to future periods to either be utilised during the service, or encashed. Encashment can be made during service, on early retirement, on withdrawal of scheme, at resignation and upon death of the employee. Accumulated compensated absences are treated as other long-term employee benefits. The Company's liability in respect of other long-term employee benefits 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 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.

*Actuarial valuation*

The liability in respect of all defined benefit plans is accrued in the books of account on the basis of actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each year of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Any differential between the plan assets (for a funded defined benefit plan) and the defined benefit obligation as per actuarial valuation is recognised as a liability if it is a deficit or as an asset if it is a surplus (to the extent of the lower of present value of any economic benefits available in the form of refunds from the plan or reduction in future contribution to the plan).

*Past service cost*

Past service cost is recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to, a defined benefit plan, the past service cost is recognised immediately in the Statement of Profit and Loss. Past service cost may be either positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).



**O. Borrowing Cost**

Borrowing costs are interest and ancillary cost incurred by the Company in connection with the borrowing of funds.

Borrowing costs are recognised in the Statement of Profit and Loss in the period in which it is incurred, except where the cost is incurred for acquisition, construction, production or development of an asset that takes a substantial period of time to get ready for its intended use in which case it is capitalised up to the date the assets are ready for their intended use. Ancillary costs incurred in connection with the arrangement of borrowings are amortised over the period of such borrowings.

**P. Cash and cash equivalents**

Cash and cash equivalents comprise cash balances on hand, cash balance with bank and highly liquid investments with original maturities, at the date of purchase/investment, of three months or less.

**Q. Revenue recognition**

The Company offers its drug discovery services in the form of early drug discovery services through fixed research funding, milestone including bonus for discovery and development phase and royalties on successful commercialisation of drugs.

(a) Revenue from fixed-price contracts are recorded on a proportionate performance/completion basis. To measure performance/completion, the Company compares the direct costs incurred to estimated total direct contract costs through completion. Direct costs consist primarily of direct labour, specialty chemicals and biological consumables and other related costs.

(b) Revenue from time and materials contracts are recognised as hours are incurred, multiplied by contractual billing rates plus material costs.

(c) Milestones are recognised based on the achievement of success criteria as defined in the agreement and approved by the customer.

(d) In respect of projects for which consideration is received upfront, the revenue is recognised over the project period on straight line basis and on the achievement of milestones the balance amount is recognised fully.

**R. 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.



**Jubilant Biosys Limited**
**Notes to the financial statements for the year ended 31 March 2016**
**Rs. in lacs**

	As at 31 March 2016	As at 31 March 2015
<b>2. SHARE CAPITAL</b>		
<b>Authorized</b>		
5,000,000 equity shares of Rs. 10/- each (Previous year 5,000,000 shares)	500.00	500.00
1,000,000 10% optionally convertible non-cumulative redeemable preference shares of Rs. 100/- each (Previous year 1,000,000 shares)	1,000.00	1,000.00
	<b>1,500.00</b>	<b>1,500.00</b>
<b>Issued, subscribed and paid up</b>		
441,300 equity shares of Rs. 10/- each (Previous year 441,300 shares)	44.13	44.13
	<b>44.13</b>	<b>44.13</b>

**Rights, obligations and restrictions attached to the class of shares**

a) The Company has two class of shares (under authorised capital) referred to as equity shares having par value of Rs. 10 each and other class of shares referred to as optionally convertible non-cumulative redeemable preference shares of Rs. 100 each. The equity shares are entitled to receive dividend as declared from time to time. However paid up capital has only one class of shares i.e. equity share capital. The voting rights of an equity shareholder 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 cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid

b) 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 in proportion to the number of equity shares held.

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

Name of the shareholder	% held As at 31 March 2016	% held As at 31 March 2015
Jubilant Biosys (Singapore) Pte. Limited, the holding company *	66.98%	66.98%
295,600 (Previous Year 295,600) equity shares		
Jubilant Enpro Pvt. Limited	17.68%	17.68%
78,000 (Previous Year 78,000) equity shares		
Shyam S. Bhartia	6.53%	6.53%
28,800 (Previous Year 28,800) equity shares		
Hari S. Bhartia	6.53%	6.53%
28,800 (Previous Year 28,800) equity shares		

\* The term holding company may be construed as per AS-18

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

Particulars	As at 31 March 2016	As at 31 March 2015
Number of shares at the commencement and at the end of the year	441,300	441,300

e) Shares held by holding company/ultimate holding company is set out below:

Particulars	As at 31 March 2016 Number of shares	As at 31 March 2015 Number of shares
Jubilant Biosys (Singapore) Pte. Limited, the holding company	295,600	295,600



**Jubilant Biosys Limited**
**Notes to the financial statements for the year ended 31 March 2016**
**Rs. in laes**

	As at 31 March 2016	As at 31 March 2015
<b>3. RESERVES AND SURPLUS</b>		
<b>Securities premium account</b>		
At the commencement and at the end of the year	1,448.44	1,448.44
	<b>1,448.44</b>	<b>1,448.44</b>
<b>Hedging reserve</b>		
At the commencement of the year	-	-
(Deduction) during the year	-	-
	-	-
<b>Surplus/(deficit)</b>		
At the commencement of the year	(12,566.66)	(9,473.67)
Less: adjustment on account of change in depreciation (refer note 26)	-	117.25
Add: (Loss) for the year	(1,405.73)	(2,975.75)
	<b>(13,972.39)</b>	<b>(12,566.67)</b>
	<b>(12,523.95)</b>	<b>(11,118.23)</b>
<b>4. LONG-TERM PROVISIONS</b>		
Provision for employee benefits (refer note 30)	307.40	250.11
	<b>307.40</b>	<b>250.11</b>
<b>5. SHORT TERM BORROWINGS</b>		
<b>Loan repayable on demand</b>		
-From related parties (unsecured) (refer note 32)	15,138.00	15,138.00
(From ultimate holding company, Jubilant Life Sciences Limited, India)		
	<b>15,138.00</b>	<b>15,138.00</b>
<b>6. TRADE PAYABLES</b>		
Total outstanding dues of micro enterprises and small enterprises (Refer note 25)	20.50	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	677.65	779.04
	<b>698.15</b>	<b>779.04</b>
<b>7. OTHER CURRENT LIABILITIES</b>		
Trade deposits	2.92	6.01
Interest accrued but not due on borrowings	3,523.76	3,523.76
Income received in advance/unearned revenue	1.21	4.38
Creditors for capital supplies and services	28.18	0.62
Statutory dues	58.21	73.13
Employee benefits payable	178.80	178.70
	<b>3,793.08</b>	<b>3,786.60</b>
<b>8. SHORT-TERM PROVISIONS</b>		
Provision for employee benefits (refer note 30)	75.89	75.05
	<b>75.89</b>	<b>75.05</b>



**Jubilant Biosys Limited**

Notes to the financial statements for the year ended 31 March 2016

**9. FIXED ASSETS**

9. FIXED ASSETS		GROSS BLOCK-COST/ BOOK VALUE					DEPRECIATION / AMORTISATION				N E T B L O C K	
		As at 1 April 2015	Additions/ adjustments during the year	Deductions/ adjustments during the year	As at 31 March 2016	Up to 1 April 2015	Additions/ adjustments during the year #	Provided during the year *	Deductions/ adjustments during the year	Up to 31 March 2016	As at 31 March 2016	As at 31 March 2015
i) Tangible fixed assets:												
	Leasehold improvements	1,443.86	3.45	-	1,447.31	1,224.99	-	146.73	-	1,371.72	75.59	218.87
	Lab equipments and machineries	6,300.39	293.47	-	6,593.86	3,895.66	-	651.05	-	4,546.71	2,047.15	2,404.73
	Furniture and fixtures	291.60	2.74	-	294.34	154.83	-	46.69	-	201.52	92.82	136.77
	Office equipments	1,284.96	19.41	-	1,304.37	906.17	-	66.08	-	972.25	332.12	378.79
	TOTAL	9,320.81	319.07	-	9,639.88	6,181.65	-	910.55	-	7,092.20	2,547.68	3,139.16
	Previous Year	9,308.16	61.84	49.19	9,320.81	5,083.37	177.63	960.86	40.21	6,181.65	13.02	-
	Capital Work in Progress(CWIP)										2,560.70	3,139.16
ii) Intangible fixed assets:												
	Internally generated											
	- Patents/Product development	3,193.37	-	-	3,193.37	3,193.37	-	-	-	3,193.37	-	-
	Other											
	- Software	438.14	5.29	-	443.43	320.77	-	39.37	-	360.14	83.29	117.37
	TOTAL	3,631.51	5.29	-	3,636.80	3,514.14	-	39.37	-	3,553.51	83.29	117.37
	Previous Year	3,620.85	10.66	-	3,631.51	3,468.36	-	45.78	-	3,514.14	-	-
	Capital Work in Progress(CWIP)										83.29	117.37

# Includes Rs Nil (previous year Rs. 177.63 Lacs) 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 26)



**Jubilant Biosys Limited**
**Notes to the financial statements for the year ended 31 March 2016**
**Rs. in lacs**

	As at 31 March 2016	As at 31 March 2015
<b>10. NON-CURRENT INVESTMENTS</b> (at cost)		
Trade investments (long term)		
Investment in equity instruments (fully paid up equity shares)		
Number Face value Investment in subsidiary company per unit		
2,485 No par value Jubilant Discovery Services Inc. (2,485)	1,168.75	1,168.75
	<b>1,168.75</b>	<b>1,168.75</b>
Note: Figure in ( ) is in respect of previous year		
<b>11. LONG-TERM LOANS AND ADVANCES</b>		
Security deposits (unsecured)	290.20	214.45
Less: Allowance for doubtful deposits	(62.00)	(62.00)
Advance payment of income tax	111.47	74.67
	<b>339.67</b>	<b>227.12</b>
<b>12. INVENTORIES</b> (Valued at lower of cost or net realizable value)		
Lab chemicals and consumables	16.40	11.33
Refer note 1A(I)		
	<b>16.40</b>	<b>11.33</b>
<b>13. TRADE RECEIVABLES</b>		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured and considered good	644.91	688.21
Doubtful	4.83	302.44
	649.74	990.65
Provision for doubtful receivables	4.83	302.44
(A)	<b>644.91</b>	<b>688.21</b>
Other receivables		
Unsecured and considered good	1,492.05	1,169.74
(B)	<b>1,492.05</b>	<b>1,169.74</b>
Total (A+B)	<b>2,136.96</b>	<b>1,857.95</b>



**Jubilant Biosys Limited**
**Notes to the financial statements for the year ended 31 March 2016**
**Rs. in lacs**

	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>
<b>14. CASH AND BANK BALANCES</b>		
<b>Cash and cash equivalents</b>		
Cash on hand	0.28	0.27
<b>Balances with banks:</b>		
- On current accounts	451.40	460.80
- On deposits accounts with original maturity upto three months	-	1,200.00
	<b>451.68</b>	<b>1,661.07</b>
<b>Other bank balances:</b>		
As margin money *	1.00	1.00
	<b>452.68</b>	<b>1,662.07</b>
* Fixed deposit for company locker		
<b>15. SHORT-TERM LOANS AND ADVANCES</b>		
<b>Unsecured and considered good</b>		
Service tax credit refundable	443.78	524.07
Less: Provision for doubtful receivable	(4.71)	(4.71)
Deposits with excise / sales tax authorities	0.38	0.10
Advances recoverable in cash or in kind:		
- From related parties (refer note 32)	98.29	70.15
- Loans and advances to employees	8.99	11.64
- Advance for supply of goods and services	24.61	2.59
- Prepaid expenses	127.52	121.99
	<b>698.86</b>	<b>725.83</b>
<b>16. OTHER CURRENT ASSETS</b>		
Unbilled Revenue	75.39	23.20
Interest receivable	0.00	21.92
	<b>75.39</b>	<b>45.12</b>



**Jubilant Biosys Limited**
**Notes to the financial statements for the year ended 31 March 2016**
**Rs. in lacs**

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>17. REVENUE FROM OPERATIONS</b>		
Sales of services	5,797.34	5,702.27
Other operating revenue (refer note 28)	4.11	22.95
<b>Revenue from operations</b>	<b>5,801.45</b>	<b>5,725.22</b>
<b>17.1 PARTICULARS OF SALES OF SERVICES</b>		
Informatics services	33.52	173.88
Drug discovery and research fees (including cost of chemicals)	5,763.82	5,528.39
	<b>5,797.34</b>	<b>5,702.27</b>
<b>18. OTHER INCOME</b>		
Interest income	81.76	98.52
Other non-operating income	1.49	0.58
	<b>83.25</b>	<b>99.10</b>
<b>19. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages, bonus, gratuity and allowances	2,216.06	2,141.55
Contribution to provident and other funds	116.76	116.37
Staff welfare expenses	128.70	129.92
	<b>2,461.52</b>	<b>2,387.84</b>
<b>20. FINANCE COSTS</b>		
Interest expense (Refer note 32)	-	1,538.06
	<b>-</b>	<b>1,538.06</b>



**Jubilant Biosys Limited**
**Notes to the financial statements for the year ended 31 March 2016**
**Rs. in laes**

	<b>For the year ended 31 March 2016</b>	<b>For the year ended 31 March 2015</b>
<b>21. OTHER EXPENSES</b>		
Lab chemicals and synthesis of compounds consumed	1,525.82	1,462.64
Processing charges	653.59	800.87
Repairs to lab equipments	174.44	120.70
Repairs -others	5.94	2.29
Rent	271.91	247.75
Rates and taxes (includes licencing fees)	276.82	206.09
Insurance	21.40	23.94
Advertisement, publicity and sales promotion	21.00	48.15
Traveling and other incidental expenses	99.30	104.53
Office maintenance	143.09	151.89
Water and electricity	249.52	234.48
Vehicle running and maintenance	0.84	9.98
Printing and stationery	11.27	8.86
Communication expenses	26.34	30.99
Staff recruitment and training	60.08	28.26
Donation	-	1.27
Auditors remuneration		
- as statutory auditors	3.00	3.00
- for tax audit	1.00	1.00
- for other services	0.58	0.53
Legal , professional and consultancy charges	380.42	351.71
Bank charges	2.19	6.29
Loss on sale/disposal of fixed assets	-	6.93
Bad debts / irrecoverable advances written off/ provided for (net of write back)	1.84	2.04
Subscription	4.56	9.79
	<b>3,934.95</b>	<b>3,863.98</b>
<b>22. EXCEPTIONAL ITEMS</b>		
Foreign exchange (gain)	(55.95)	(56.82)
	<b>(55.95)</b>	<b>(56.82)</b>



## 23. Capital commitments

Estimated amount of purchase orders released on account of capital expenditure as on 31 March 2016 Rs.17.89 lacs [Previous year Rs.39.30 lacs]

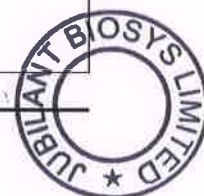
## 24. Contingent liabilities to the extent not provided for

- Service tax recoverable includes Rs. 67.43 lacs (Previous year Rs.157.90 lacs) being amount of refund claims which were rejected by the authorities against which the company has preferred review application. The company is hopeful of the realization of it in view of the circular of the Excise Department.
- Advance Income Tax includes Rs. 6.25 lacs (Previous year Rs. 6.25 lacs) which have been deposited under protest and the matter is sub judice.
- The Company had entered into a lease agreement in September 2008 with AB Mallikarjuna (Landlord) for expanding its operation. Before occupying the property, certain legal lapses were identified and communicated to the landlord for corrective actions. However, no action had been taken by the landlord in due time hence the Company communicated its unwillingness to take the possession of the building and requested to refund the advance of Rs. 62 lacs. As per clause 5 of the lease agreement the landlord's claimed lock in period rental for 36 months for Rs.423.90lacs, the Company contested against the same. Hence, under Section 34 of the Arbitration and Conciliation Act, 1996 the landlord decided for arbitration award. The arbitrator concluded the award in July 2011 demanding Rs.158.95 lacs. The Company filed a cross objection in the Civil Court ,Bangalore in 2011 on the grounds of commercial occupancy certificate not provided by the landlord and the benefit received by the landlord during the impugned lock-in period as the premises had been occupied by another tenant during the period. The legal proceedings are in progress and management is of the view that the order will be given in favor of the Company.
- Additionally, the Company is involved in other disputes, lawsuits, claims, governmental and/or regulatory inspections, inquiries, investigations and proceedings, including commercial matters that arise from time to time in the ordinary course of business. The Company believes that none of these matters, either individually or in aggregate, are expected to have any material adverse effect on its financial statements.

## 25. Micro, small and medium enterprises

There are no Micro, Small and Medium enterprises, to whom the company owes dues, which are outstanding for more than 45 days as at 31 March 2016. The information as required to be disclosed under the micro, small and medium enterprises development act, 2006 (MSMED) has been determined to the extent such parties have been identified on the basis of the information available with the Company.

	(Rs. in Lacs)	
	As at 31 March 2016	As at 31 March 2015
Principal Amount payable to suppliers at the year end	20.50	-
Interest due on the remaining unpaid amount to the suppliers as at the end of the year	-	-
Amount of interest paid by the company in terms of section 16 of MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED	-	-



**Jubilant Biosys Limited****Notes to the financial statements for the year ended 31 March 2016**

Amount of interest accrued and remaining unpaid at the end of the year	-	-
Amount of further interest due and payable in the succeeding year	-	-

26. During the previous year, pursuant to the Companies Act, 2013 ('the Act') being effective from 1 April 2014, the Company 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 previous year was higher by Rs. 124.36 lacs. Further, based on the transitional provision provided in Note 7(b) of the Schedule II an amount of Rs. 117.25 lacs (after adjustment for related tax impact) was 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.

27. Deferred tax assets and liabilities are attributable to the following items:

	Rs. in lacs	
	As at 31March 2016	As at 31March 2015
<b>Deferred tax assets</b>		
Provision for leave encashment and gratuity	123.38	101.03
Accumulated losses as per tax laws	2,092.03	1,875.92
Unabsorbed depreciation	2,218.12	1,988.25
Provision for bad debts	1.67	102.80
Unpaid statutory liabilities	43.63	41.06
Depreciation and amortization	259.03	121.82
Others	9.26	9.50
	<b>4,747.12</b>	<b>4,240.38</b>
<b>Deferred tax liabilities</b>		
Depreciation and amortization	-	-
	-	-
Less: Deferred tax asset (net) not recognised in absence of virtual certainty of realization	4,747.12	4,240.38
<b>Deferred tax assets (Net)</b>	-	-

28. Other operating income is in the nature of revenue contract termination fees and scrap sales etc.



## 29. Hedging and derivatives

a) Foreign currency exposure not hedged by derivative instrument:

Rs. in lacs

Details	Currency	As at 31 March 2016			As at 31 March 2015		
		Amount in Foreign Currency	Exchange rate	Equivalent INR	Amount in Foreign Currency	Exchange rate	Equivalent INR
Amount payable on account of purchase of goods	USD	3.38	66.25	224.00	4.21	62.50	263.04
	EURO	0.42	75.40	31.47	0.08	67.19	5.17
	GBP	0.13	95.47	12.74	0.12	92.47	11.54
	JPY	-	-	-	10.00	0.52	5.21
	SEK	-	-	-	0.09	8.81	0.83
	CAD	-	-	-	0.01	49.03	0.54
	CHF	0.01	68.98	0.97	0.01	64.26	0.92
Net Amount receivable on account of sale of services	USD	30.91	66.25	2,048.42	35.17	62.50	2,198.36
Amount outstanding as balance with Banks	USD	6.01	66.25	398.02	3.59	62.50	224.35

## 30. Employee benefits:

The Company has calculated the various benefits provided to employees as under:

### A) Defined contribution plans

(a) Provident Fund: The Company contributes share of provident fund liability and deposits it with P.F. Commissioner.

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

Rs. In lacs

Description	For the year ended 31 March 2016	For the year ended 31 March 2015
Employers contribution to provident fund	85.27	89.54



**B) State plans**

- (a) Employee state insurance  
(b) Employee's pension scheme 1995

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

Description	Rs. in lacs	
	For the year ended 31 March 2016	For the year ended 31 March 2015
Employers contribution to employee state insurance	-	1.70
Employers contribution to employee's pension scheme 1995	31.49	25.13

**C) 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 2016	For the year ended 31 March 2015
i) Discounting rate	7.90	7.74
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 2016	For the year ended 31 March 2015
i) Retirement age (Years)	58	58
ii) Mortality table	IALM (2006 - 08)	
iii) Ages	<b>Withdrawal Rate (%)</b>	<b>Withdrawal Rate (%)</b>
Up to 30 Years	33.07	42.00
From 31 to 44 years	14.12	20.00
Above 44 years	59.09	53.00



**Reconciliation of opening and closing balances of the present value of the defined benefit obligation:**

Rs. in lacs

Description	Gratuity	
	For the year ended 31 March 2016	For the Year ended 31 March 2015
Present value of obligation at the beginning of the year	175.80	149.59
Current service cost	38.15	33.39
Interest cost	13.61	14.06
Actuarial (gain)/loss	15.30	25.71
Benefits paid	(23.61)	(46.95)
Present value of obligation at the end of the year	219.25	175.80

**Reconciliation of the present value of defined benefit obligation and the fair value of the plan assets:**

Rs. in lacs

Description	Gratuity	
	For the year ended 31 March 2016	For the Year ended 31 March 2015
Present value of obligation at the end of the year	219.25	175.80
Liabilities/(Assets) recognised in the Balance Sheet	219.25	175.80

**Cost recognised for the period (included under Salaries, Wages, Allowances, Bonus and Gratuity)**

Rs. in lacs

Description	Gratuity	
	For the year ended 31 March 2016	For the Year ended 31 March 2015
Current service cost	38.15	33.39
Interest cost	13.61	14.06
Actuarial (gain)/loss	15.30	25.71
Net cost recognised during the year	67.06	73.16

**Experience adjustment for the current and previous four periods**

Rs. in lacs

	Gratuity				
	For the Year Ended 31 March				
	2016	2015	2014	2013	2012
Present Value of obligation as at the end of period	219.25	175.80	149.59	107.62	105.64
Fair value of plan assets at the end of the period	-	-	-	-	-
Surplus / (Deficit)	(219.25)	(175.80)	(149.59)	(107.62)	(105.64)
Experience Adjustment on plan liabilities (loss) / gain	(18.67)	(12.87)	(13.92)	(12.38)	(52.38)
Experience Adjustment on plan assets (loss) / gain	-	-	-	-	-



**Jubilant Biosys Limited**  
**Notes to the financial statements for the year ended 31 March 2016**

(b) Other long term benefits

Description	Rs. in Lacs	
	For the year ended 31 March 2016	For the Year ended 31 March 2015
Present value of obligation	164.04	149.37

**31. 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 drug discovery and development. 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

**32. Related party disclosures**

**Related parties where control exists:**

- (a) Ultimate Holding Company: Jubilant Life Sciences Limited
- (b) Holding Company: Jubilant Biosys (Singapore) Pte. Limited
- (c) Subsidiary Company: Jubilant Discovery Services Inc.
- (d) Fellow Subsidiaries:
  - i. Jubilant Chemsys Limited
  - ii. Vanthys Pharmaceuticals Development Private Limited
  - iii. Jubilant Clinsys Limited
  - iv. Jubilant Clinsys Inc.
  - v. Jubilant Innovation India Limited
  - vi. Jubilant HollisterStier LLC
  - vii. Jubilant Draximage Inc. Canada
  - viii. Jubilant Generics Limited

**Others:**

- (e) Key management personnel (till 26 March 15)

The Company has entered into transactions with the following related parties:

**(a) Ultimate holding company**

**Jubilant Life Sciences Limited**

Transaction during the year	Rs. in lacs	
	For the year ended 31 March 2016	For the Year ended 31 March 2015
Expenses recharged for facilities provided	0.44	1.54
Expenses recharged for cost sharing	230.64	134.89
Interest on inter-corporate deposits (ICD)	-	1,538.00
<b>Balance outstanding</b>	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>
Inter-corporate deposits outstanding	15,138.00	15,138.00
Interest on ICD outstanding	3,523.76	3,523.76
Closing balance (Advance recoverable in cash or kind)	0.62	0.18
Closing balance (Cost sharing) payable	17.93	12.94



(b) Subsidiary Company

Jubilant Discovery Services Inc.

Rs. in lacs		
Transaction during the year	For the year ended 31 March 2016	For the Year ended 31 March 2015
Sale of scientific services	50.86	1,093.39
Purchase of scientific services	607.60	782.93
Purchase of business development services	69.61	102.18
<b>Balance outstanding</b>	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>
Closing balance (Trade receivables)	652.56	1,111.02
Closing balance (Trade payables)	53.27	284.35

(c) Fellow Subsidiary Companies

Jubilant Chemsys Limited

Rs. in lacs		
Transaction during the year	For the year ended 31 March 2016	For the Year ended 31 March 2015
Expenses recharged for utilities and sharing of services	134.58	207.30
Expenses reimbursed	4.23	4.18
Purchase of technical services	100.46	256.18
<b>Balance outstanding</b>	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>
Closing balance (Trade payable/other payable)	74.77	14.71
Closing balance (Advance recoverable in cash or kind)	74.61	53.39

Jubilant Clinsys Limited

Rs. in lacs		
Transaction during the year	For the year ended 31 March 2016	For the Year ended 31 March 2015
Expenses recharged for utilities and sharing of services	24.49	14.20
<b>Balance outstanding</b>	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>
Closing balance (Advance recoverable in cash or kind)	5.53	0.05



**Jubilant Biosys Limited**  
**Notes to the financial statements for the year ended 31 March 2016**

**Jubilant Clinsys Inc., USA**

	Rs. in lacs	
Transaction during the year	For the year ended 31 March 2016	For the Year ended 31 March 2015
Sale of technical services	9.38	4.59
Balance outstanding	As at 31 March 2016	As at 31 March 2015
Closing balance (Trade receivable)	14.21	4.59

**Jubilant Innovation India Limited**

	Rs. in lacs	
Transaction during the year	For the year ended 31 March 2016	For the Year ended 31 March 2015
Expenses recharged for facilities provided	0.09	0.03

**Jubilant HollisterStier LLC, USA**

	Rs. in lacs	
Balance outstanding	As at 31 March 2016	As at 31 March 2015
Closing balance –(Trade payable)	142.66	134.59

**Jubilant Draximage Inc., Canada**

	Rs. in lacs	
Transaction during the year	For the year ended 31 March 2016	For the Year ended 31 March 2015
Expenses recharged	-	16.30
Balance outstanding	As at 31 March 2016	As at 31 March 2015
Closing balance (Advance recoverable in cash or kind)	17.52	16.53

**Jubilant Generics Limited**

	Rs. in lacs	
Transaction during the year	For the year ended 31 March 2016	For the Year ended 31 March 2015
Expenses recharged	-	2.01
Sale of scientific services	5.15	-
Balance outstanding	As at 31 March 2016	As at 31 March 2015
Closing Balance (Trade receivable)	4.70	-

**Vanthys Pharmaceuticals Development Pvt. Ltd.**

	Rs. in lacs	
Transaction during the year	For the year ended 31 March 2016	For the Year ended 31 March 2015
Expenses recharged	5.60	-



**(d) Key Management Personnel**

**Dr. Subir Kumar Basak**

Particulars	Rs. in lacs	
	For the year ended 31 March 2016	For the Year ended 31 March 2015
Salaries and bonus	-	217.30
PF contribution	-	7.39
	-	<b>224.69</b>

33. The Company's significant operating leasing arrangements are in respect of premises (Residential, offices, godown etc). These leasing arrangements, which are cancellable range between 11 months to 10 years generally and are usually renewable by mutual agreement terms. Rental expense recognised under such leases is Rs. 271.91 lacs (previous year Rs. 247.75 lacs).

**34. Expenditure in foreign currency on accrual basis:**

Particulars	Rs. in lacs	
	For the year ended 31 March 2016	For the Year ended 31 March 2015
Travel	25.49	64.27
Legal/ professional license fees	304.43	234.07
Business development consulting charges	78.79	120.19
Scientific services received	709.64	813.77
Others	18.24	87.84

**35. Value of imports on CIF basis**

Particulars	Rs. in lacs	
	For the year ended 31 March 2016	For the Year ended 31 March 2015
Capital goods	249.32	15.87
Reagents, chemicals and consumables	575.59	412.09

**36. Earnings in foreign currency:**

Sales/ services	Rs. in lacs	
	For the year ended 31 March 2016	For the Year ended 31 March 2015
Customised services	33.52	173.88
Drug discovery and research fees (including cost of chemicals)	5,588.59	5,337.33
<b>Total</b>	<b>5,622.11</b>	<b>5,511.21</b>

**37. Loss per share**

Particulars	Rs. in lacs	
	For the year ended 31 March 2016	For the Year ended 31 March 2015
Loss as per Statement of Profit and Loss	(1,405.73)	(2975.75)
No. of equity shares	441,300	441,300
Basic and diluted loss per share (Rs.)	(318.54)	(674.31)



**Jubilant Biosys Limited**

**Notes to the financial statements for the year ended 31 March 2016**

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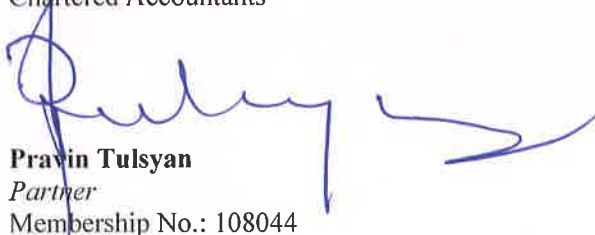
38. The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing regulation under sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company continuously updates its documentation for the international 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 domestic transactions are at arm's 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.

As per our report of even date attached

**For BSR & Co. LLP**


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

Chartered Accountants




**Pravin Tulsyan**  
Partner  
Membership No.: 108044

For and on behalf of the Board of Directors of  
**Jubilant Biosys Limited**



**Dr. Ashutosh Agarwal**  
Director  
DIN: 07187888



**R. Sankaraiah**  
Director  
DIN: 00025022

Place: Noida

Date: 23 May 2016

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