Independent Auditor's Report

To the Members of Jubilant Chemsys Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Indian Accounting Standard ('Ind AS') financial statements of Jubilant Chemsys Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows, the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS financial statements").

Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act, read with the relevant rules issued thereunder.

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 Ind AS 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 Ind AS 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 of the Ind AS financial statements 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the financial position of the Company as at 31 March 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity 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 including other comprehensive income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid Ind AS 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 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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 pending litigation on its financial position in its financial position- refer note 27 to the financial statements;

(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.

(iv) The Company has provided requisite disclosures in the Ind As financials statemnets as to the holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures performed by us and relying on the management representation we report that the disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management. Also refer to note 34 to the Ind AS financial statements.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number.:101248W/W-100022

Pravin Tulsyan
Partner
Membership No: 108044

Place: Noida
Date: 15 May 2017

Annexure A to the Independent Auditor's Report to the Members of Jubilant Chemsys Limited on the standalone Ind AS financial statements for the year ended 31 March 2017, we report that:

(i) (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of 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 all fixed assets are verified annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets. As informed to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the Company didn't own any immovable property. Accordingly, paragraph 3(i)(c) of the Order is not applicable to the Company.

(ii) According to the information and explanations given to us, the inventory has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. As informed to us, the discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.

(iii) 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 Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

(iv) According to the information and explanations given to us, the Company has not given any loans, or made any investments, or provided any guarantee, or security as specified under section 185 and 186 of the Companies Act, 2013. Accordingly, para 3(iv) of the Order is not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act 2013, and the rules framed there under. Accordingly, para 3(v) of the Order is not applicable to the Company.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013 for any of the activities carried out by the Company. Accordingly, para 3(vi) of the Order is not applicable to the Company.

(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 employees' state insurance, income-tax, sales tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues were in arrears as at 31 March 2017 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 sales tax, 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 dispute:

Name of the Statute	**Nature of dues**	**Amount involved (Rs.)**	**Amounts paid under protest (Rs.)**	**Period to which the amount relates**	**Forum where dispute is pending**
Income Tax Act, 1961	Income Tax	403	Nil	Financial year 2007-08	ITAT
Income Tax Act, 1961	Income Tax	13,190	Nil	Financial year 2008-09	ITAT
Income Tax Act, 1961	Income Tax	24,937	Nil	Financial year 2009-10	ITAT
Income Tax Act, 1961	Income Tax	31,736	Nil	Financial year 2011-12	CIT Appeals
Income Tax Act, 1961	Income Tax	32,417	Nil	Financial year 2012-13	CIT Appeals

(viii) According to the information and explanations given to us, the Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, para 3(viii) of the Order is not applicable to the Company.

(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 has not raised any moneys by way of initial public offer or further public offer. Accordingly, paragraph 3(ix) of the Order is not applicable

(x) Based on our examination of the books of accounts and according to the information and explanations given to us, no fraud by the company or 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 accounts and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of the Act.

(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 books of account and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 188 of the Act where applicable and the details have been disclosed in the standalone financial statements. As informed to us, requirements as stipulated by the provisions of section 177 of the Act are not applicable to the Company.

(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.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration no.: 101248W/W-100022

Pravin Tulsyan
Partner
Membership No.: 108044

Place: Noida
Date: 15 May 2017

Annexure B to the Independent Auditor's Report of even date on the standalone Ind AS financial statements Jubilant Chemsys Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Jubilant Chemsys Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone Indian Accounting Standard (Ind AS) financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone Ind AS 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 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B S R & Co. LLP**
Chartered Accountants
Firm registration no.: 101248W/W-100022

Pravin Tulsyan
Partner
Membership No.: 108044

Place: Noida
Date: 15 May 2017

Jubilant Chemsys Limited
Balance Sheet as at 31 March 2017

(INR In Thousands)

	Notes	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3	226,627	216,462	181,566
Capital work-in-progress	3	8,266	1,671	72,058
Other intangible assets	4	1,358	2,828	4,593
Financial assets				
i. Loans	5	10,241	9,448	9,448
ii. Other financial assets	6	500	500	1,000
Deferred tax assets (net)	7	114,426	101,349	93,978
Income tax asset (net)		39,276	39,276	39,276
Other non-current assets	8	43	-	-
Total non-current assets		**400,736**	**371,534**	**401,918**
Current assets				
Inventories	9	37,727	6,554	6,539
Financial assets				
i. Trade receivables	10	188,309	158,566	77,788
ii. Cash and cash equivalents	11(a)	106,102	50,950	30,747
iii. Other bank balances	11(b)	3,381	3,178	500
iv. Loans	5	706	683	583
v. Other financial assets	6	4,323	1,338	1,497
Other current assets	12	43,804	38,448	32,726
Total current assets		**384,352**	**259,717**	**150,380**
Total assets		**785,088**	**631,250**	**552,298**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	13(a)	19,998	19,998	19,998
Other equity	13(b)	623,685	488,744	452,852
Total equity		**643,683**	**508,742**	**472,850**
LIABILITIES				
Non-current liabilities				
Financial Liabilities				
i. Borrowings	14	4,967	-	-
Provisions	15	35,740	27,735	22,228
Total non-current liabilities		**40,707**	**27,735**	**22,228**
Current liabilities				
Financial liabilities				
i. Trade payables	16	51,619	64,060	32,797
ii. Other financial liabilities	17	17,716	12,795	17,024
Other current liabilities	18	6,067	7,397	1,871
Provisions	15	5,358	5,147	5,530
Current tax liabilities		19,939	5,375	-
Total current liabilities		**100,699**	**94,773**	**57,221**
Total liabilities		**141,405**	**122,508**	**79,449**
Total equity and liabilities		**785,088**	**631,250**	**552,298**
Significant accounting policies	2			
Notes to the financial statements	3-38			

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm registration number : 101248W/W100022

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

Pravin Tulsyan
Partner
Membership No: 108044

Shyam Nath Singh
Chairman
DIN:00010530

Dr. Ashutosh Agarwal
Director
DIN:07187888

Noopur Agarwal
Company Secretary

Place : Noida
Date: 15 May 2017

Place : Noida
Date: 15 May 2017

Place : Noida
Date: 15 May 2017

Place : Noida
Date: 15 May 2017

Jubilant Chemsys Limited
Statement of Profit and Loss for the year ending 31 March 2017

(INR In Thousands)

	Notes	For the year ended 31 March 2017	For the year ended 31 March 2016
Revenue from operations	19	987,173	661,652
Other income	20	1,608	3,344
Total income		**988,781**	**664,996**
Expenses			
Changes in inventories of work-in-progress and finished	21	(31,342)	(142)
Employee benefits expense	22	282,963	216,953
Finance costs	23	680	342
Depreciation and amortisation expense	24	57,488	57,628
Other expenses	25	522,672	353,711
Total expenses		**832,460**	**628,492**
Profit before tax		**156,321**	**36,504**
Tax expense	26		
- Current tax		32,959	7,371
- MAT credit entitlement		23,819	(7,371)
- Deferred tax		(36,378)	-
Total tax expense		**20,400**	**-**
Profit for the year		**135,921**	**36,504**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit obligations		(1,498)	(612)
Income tax relating to these items		518	-
Other comprehensive income for the year, net of tax		(979)	(612)
Total comprehensive income for the year		**134,941**	**35,892**
Earnings per equity share of Rs. 10 each			
Basic earnings per share		67.48	17.95
Diluted earnings per share		16.46	4.38
Significant accounting policies	2		
Notes to the financial statements	3-38		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm registration number : 101248W/W100022

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

Pravin Tulsyan
Partner
Membership No: 108044

Shyam Nath Singh
Chairman
DIN:00010530

Dr. Ashutosh Agarwal
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DIN:07187888

Noopur Agarwal
Company Secretary

Place : Noida
Date: 15 May 2017

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Date: 15 May 2017

Jubilant Chemsys Limited
Standalone Statement for change in Equity for the year ended 31st March 2017

(INR in Thousands)

a) Equity share capital	Note	No. of shares	Amount
Balance as at 1 April 2015	13(a)	1,999,766	**19,998**
Changes in equity share capital during the year			-
Balance as at 31 March 2016	13(a)	1,999,766	**19,998**
Changes in equity share capital during the year			**-**
Balance as at 31 March 2017	13(a)	1,999,766	**19,998**

b) Other Equity

(INR in Thousands)

	Reserves and surplus				Other Comprehensive Income	
	Capital reserve	**Capital redemption reserve**	**General reserves**	**Retained earnings**	**Remeasurement of defined benefit obligation**	**Total**
As at 1 April 2015	1,655	388,500	-	697	-	390,852
Profit for the year				36,504		36,504
Other comprehensive income				-	(612)	(612)
As at 31 March 2016	**1,655**	**388,500**	**-**	**37,201**	**(612)**	**427,968**
As at 1 April 2016	1,655	388,500	-	37,201	**(612)**	426,744
Profit for the year	-	-		135,921	-	135,921
Other comprehensive income	-	-	-	-	(979)	(979)
As at 31 March 2017	**1,655**	**388,500**	**-**	**173,121**	**(1,591)**	**563,644**

Refer note 13(b) for nature and purpose of equity.

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm registration number : 101248W/W100022

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

Pravin Tulsyan
Partner
Membership No: 108044

Shyam Nath Singh
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Dr. Ashutosh Agarwal
Director
DIN:07187888

Noopur Agarwal
Company Secretary

Place : Noida
Date : 15 May 2017

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Date : 15 May 2017

Place : Noida
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Place : Noida
Date : 15 May 2017

Jubilant Chemsys Limited
Statement of cash flow for the year ending 31 March 2017

(INR in Thousands)

	For the year ended 31 March 2017	For the year ended 31 March 2016
A. Cash flows from operating activities		
Net profit before tax	156,321	36,504
Adjustments :		
Depreciation and amortisation expense	57,488	57,628
Loss on sale/ disposal/ discard of property, plant and equipment (net)	1,688	0
Finance costs	680	342
Unrealised foreign exchange	2,586	2,105
Interest income	(1,608)	(348)
	60,833	**59,728**
Operating cash flows before working capital changes	217,154	96,232
(Increase) in trade receivables, other financial assets and other assets	(43,983)	(88,750)
(Increase) in inventories	(31,173)	(15)
(Decrease) in trade payables, provisions and other liabilities	(2,804)	43,296
Cash generated from operations	139,194	50,762
Income tax paid (net of refund)	(16,156)	(2,866)
Net cash generated from operating activities	**123,038**	**47,896**
B. Cash flow from investing activities		
Purchase of property, plant and equipment/ Capital work-in-progress	(69,024)	(25,745)
Proceeds from sale of property, plant and equipment	504	0
Movement in other bank balances*	(203)	(2,178)
Interest received	1,616	314
Net cash used in investing activities	**(67,107)**	**(27,609)**
C. Cash flow arising from financing activities		
Principal payments under finance lease	(351)	-
Finance costs paid	(427)	(84)
Net cash used in financing activities	**(778)**	**(84)**
Net increase in cash and cash equivalents (A+B+C+D)	55,153	20,203
Add: cash and cash equivalents at the beginning of year	**50,950**	**30,746**
Cash and cash equivalents at the end of the year	106,102	**50,950**

Components of cash and cash equivalents

Balances with banks		
- in current accounts	46,479	50,805
- on deposits accounts repayable on demand	59,580	-
- cash on hand	29	50
- gift & meal vouchers	14	95
	106,102	50,950

Cash flow statement has been prepared under the indirect method as set out in the Ind AS 7-"Cash Flow Statements"

Significant accounting policies	2
Notes to the financial statements	3-38

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm registration number : 101248W/W100022

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

Pravin Tulsyan
Partner
Membership No: 108044

Shyam Nath Singh
Chairman
DIN:00010530

Dr. Ashutosh Agarwal
Director
DIN:07187888

Noopur Agarwal
Company Secretary

Place : Noida
Date: 15 May 2017

Place : Noida
Date: 15 May 2017

Place : Noida
Date: 15 May 2017

Place : Noida
Date: 15 May 2017

Note 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.

Note 2: Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

(i) Statement of Compliance

These Ind AS financial statements (‘financial statements”) have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (“the Act”) and other relevant provisions of the Act.

The financial statements up to and for the year ended 31 March 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (previous GAAP), notified under Section 133 of the Act and other relevant provisions of the Act.

As these are the Company’s first financial statements prepared in accordance with Ind AS. Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 36.

(ii) *Historical cost convention*

The financial statements have been prepared under historical cost convention on accrual basis, unless otherwise stated.

(b) Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification. An asset is treated as current when:

- It is expected to be realised or intended to be sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle for the purpose of current-non current classification of assets and liabilities.

(c) Property, plant and equipment (PPE) and intangible assets

(i) **Property, plant and equipment**

All items of property, plant and equipment are stated at cost, which includes capitalized finance costs, less accumulated depreciation and any accumulated impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of an item of a PPE comprises its purchase price including import duty, and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition of its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Expenditure incurred on startup and commissioning of the project and/or substantial expansion, including the expenditure incurred on trial runs (net of trial run receipts, if any) up to the date of commencement of commercial production are capitalised. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Advances paid towards acquisition of property, plant and equipment outstanding at each Balance Sheet date, are shown under other non-current assets and cost of assets not ready for intended use before the year end, are shown as capital work-in- progress.

(ii) **Intangible assets**

- *Acquired intangible assets*

Intangible assets that are acquired are measured initially at cost, which includes capitalized finance costs. After initial recognition, an intangible asset is carried at its cost less 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.

(iii) **Depreciation and amortization methods, estimated useful lives and residual value**

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 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
Motor Vehicles under finance lease	Tenure of lease or 5 years whichever is shorter	8 years
Computer servers and networks	5 years	6 years
Employee perquisite related assets (except end user computers)	5 years, being the period of perquisite scheme	10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Depreciation and amortization method, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

(iv) **Derecognition**

A property, plant and equipment and intangible assets 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 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.

(v) **Transition to Ind AS**

On transition to Ind AS, the Company has elected to measure all its property, plant and equipment at the previous GAAP carrying amount as its deemed cost on the date of transition of Ind AS i.e, 1 April 2015.

(vi) **Non-current assets held for sale**

Non-current assets, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, are generally measured at the lower of their carrying amount and fair value less cost to sell. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in profit or loss.

Once classified as held-for sale, property, plant and equipment and intangible assets are no longer depreciated or amortised..

(vii) **Impairment of non-financial assets**

The Company's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment loss recognized in respect of a CGU is allocated first to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of assets for which impairment loss has been recognized in prior periods, the Company reviews at reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(viii) **Financial instrument**

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

Debt instrument at FVOCI

A 'debt instrument' is classified as at the FVOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVPL

FVPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVOCI, is classified as at FVPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVPL.

Debt instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Impairment of financial Assets

The Company recognizes loss allowance using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, ECLs are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of ECLs (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in the Statement of Profit and Loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company’s continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Transition to Ind AS

Under previous GAAP, the Company has derecognized any assets or liabilities for accounting purposes as and when the asset was written off or liability written back. On transition to Ind AS, the Company has elected to apply the de-recognition provision of Ind AS 109 prospectively from the date of transition to Ind AS.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVPL. A financial liability is classified as at FVPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modify cation is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Derivative financial instruments

The Company uses derivative financial instruments, such as foreign-exchange forward contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Balance Sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(ix) **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
Work-in-progress	Actual cost including an appropriate share of variable and fixed overheads. Fixed overheads are included based on No. of Man months deployed on particular project
Goods in transit	Cost of purchase

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.

(x) **Cash and cash equivalents**

Cash and cash equivalent comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(xi) **Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(xii) **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.

(xiii) **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 benefits plans and defined contribution plans as under:

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 accounts based on actuarial valuation by an independent actuary.

b) Provident fund

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:

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 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 recognizes 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.

Remeasurement gains and losses in respect of all defined benefit plans arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost. 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 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)

(xiv) **Finance costs**

Finance costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Finance cost also includes exchange differences to the extent regarded as an adjustment to the finance costs. Finance costs that are directly attributable to the construction or production or development of a qualifying asset are capitalized as part of the cost of that asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. All other finance costs are expensed in the period in which they occur.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the finance costs eligible for capitalization. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective interest method Ancillary costs incurred in connection with the arrangement of borrowings are amortised over the period of such borrowings.

(j) Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

- ***Current tax:***

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received after considering uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

- ***Deferred tax:***

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to freehold land and investments in subsidiaries, to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if there is a legally enforcement right to set off the recognized amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

(k) Leases

At the inception of each lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

Finance leases

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. A finance lease is recognized as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(xv) **Foreign currency translation**

(i) Functional and presentation currency

The functional currency of the Company in the Indian rupee. These financial statements are presented in Indian rupees.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at Balance Sheet date exchange rates are generally recognised in Statement of Profit and Loss.

(xvi) **Earnings per share**

(i) *Basic earnings per share*

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year.

(ii) *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares

(xvii) **Measurement of fair values**

A number of the accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Company's audit committee.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values used in preparing these financial statements is included in the respective notes.

(xviii) **Share- Based payments**

Certain employees of the Company are in receipt of stock options from Jubilant Life Sciences Limited. The grant date fair value of options granted (net of estimated forfeiture) to employees of the Company is recognized as an employee expense. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognized in connection with share based payment transaction is presented as a separate component in equity under "capital reserve". The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest. For the option awards, grant date fair value is determined under the option-pricing model (Black- Scholes Merton). Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures materially differ from those estimates. Corresponding balance of a capital reserve is transferred to general reserve upon expiry of grants or upon exercise of stock options by an employee, as the Company is operating the Employee Stock Option schemes through Jubilant Employees Welfare Trust, which has purchased share from the secondary market

(a) Critical estimates and judgements

The preparation of Financial Statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes.

- Recognition and estimation of current tax expense – Note 26
- Assessment of useful life of property, plant & equipment and intangible asset – Note 2(c)
- Estimation of assets and obligations relating to employee benefits – Note 29
- Estimated impairment of financial assets and non-financial assets – Note 2(e) & (f)
- Valuation of Inventories – Note 2(g)
- Recognition and measurement of contingency : Key assumption about the likelihood and magnitude of an outflow of resources – Note 27
- Lease classification – Note 28(b)
- Fair Value measurement – Note 2 (o)

(b) Recent accounting pronouncements

Applicable standards issued but not yet effective

The amendment to Ind AS 7 requires the company to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Jubilant Chemsys Limited
Notes to the financial statements for the year ended 31 March 2017

Note 3: Property, plant and equipment

Description	Plant and equipment	Furniture and fixtures*	Vehicles leased	Office equipment	Total	Capital work-in- progress (B)	Total (A+B)
Gross carrying amount							
Deemed cost as at 1 April 2015	166,887	12,016	-	2,663	**181,565**	72,058	253,623
Additions	73,182	12,612	-	4,901	**90,695**	20,374	111,069
Disposals	-	(2)	-	-	**(2)**	(90,761)	(90,762)
Gross carrying value as at 31 March 2016	**240,069**	**24,626**	**-**	**7,564**	**272,259**	**1,671**	**273,930**
Accumulated depreciation as at 1 April 2015	-	-	-	-	**-**	-	-
Depreciation charge for the year	47,979	6,526	-	1,293	**55,798**	-	55,798
Disposals	-	(1)	-	-	**(1)**	-	(1)
Accumulated depreciation as at 31 March 2016	**47,979**	**6,525**	**-**	**1,293**	**55,797**	**-**	**55,797**
Net Carrying amount as at 31 March 2016	**192,090**	**18,102**	**-**	**6,271**	**216,462**	**1,671**	**222,733**
Net Carrying amount as at 1 April 2015	**166,887**	**12,016**	**-**	**2,663**	**181,565**	**72,058**	**184,228**

(INR in Thousands)

Description	Plant and equipment	Furniture and fixtures	Vehicles leased**	Office equipment	Total (A)	Capital work in progress (B)	Total (A+B)
Gross carrying amount							
Balance as at 1 April 2016	240,069	24,626	-	7,564	**272,259**	1,671	
Additions	56,188	671	6,419	5,096	**68,373**	74,969	
Disposals	(3,557)	(50)	-	(268)	**(3,876)**	(68,373)	
Gross carrying value as at 31 March 2017	**292,700**	**25,247**	**6,419**	**12,391**	**336,757**	**8,266**	
Accumulated depreciation as at 1 April 2016	47,979	6,525	-	1,293	**55,797**	-	
Depreciation charge for the year	48,390	4,843	514	2,270	**56,017**	-	
Disposals	(1,601)	(43)	-	(40)	**(1,684)**	-	
Accumulated depreciation as at 31 March 2017	**94,768**	**11,325**	**514**	**3,524**	**110,130**	**-**	
Net carrying amount as at 31 March 2017	197,932	13,922	5,905	8,868	**226,627**	8,266	
Net carrying amount as at 1 April 2016	192,090	18,102	-	6,271	**216,462**	1,671	

Notes:
i) *Furniture and fixture includes leasehold improvements
ii) ** Addition pertains to assets acquired on finance lease.

Jubilant Chemsys Limited
Notes to the financial statements for the year ended 31 March 2017

Note 4: Other intangible assets

(INR in Thousands)

Description	Software
Gross carrying amount	
Deemed cost as at 1 April 2015	4,593
Additions	65
Disposal	-
Gross carrying value as at 31 March 2016	**4,658**
Accumulated amortisation as at 1 April 2015	-
Amortisation for the year	1,830
Disposal	-
Accumulated amortisation as at 31 March 2016	**1,830**
Net carrying amount as at 31 March 2016	**2,828**
Net carrying amount as at 1 April 2015	**4,593**

(INR in Thousands)

Description	Software
Gross carrying amount	
Balance as at 1 April 2016	4,658
Additions	-
Disposal	-
Gross carrying value as at 31 March 2017	**4,658**
Accumulated amortisation as at 1 April 2016	1,830
Amortisation for the year	1,470
Accumulated amortisation as at 31 March 2017	**3,300**
Net Carrying amount as at 31 March 2017	**1,358**
Net Carrying amount as at 1 April 2016	**2,828**

Jubilant Chemsys Limited
Notes to the financial statements for the year ended 31 March 2017

Note: 5 Loans

(INR in Thousands)

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Current	**Non- current**	**Current**	**Non- current**	**Current**	**Non- current**
Unsecured, considered good						
Security deposits	-	10,241	-	9,448	-	9,448
Loan to employees	706	-	683	-	583	-
Total loans	706	10,241	683	9,448	583	9,448

Note: 6 Other financial assets

(INR in Thousands)

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Current	**Non- current**	**Current**	**Non- current**	**Current**	**Non- current**
Deposits with maturity after 12 months from the reporting date	-	500	-	500	-	1,000
Advances recoverable from related parties	-	-	79	-		-
Unbilled revenue	3,735	-	759	-	1,151	-
Interest receivable	387	-	380	-	346	-
Others	200	-	120	-	-	-
Total other financial assets	4,323	500	1,338	500	1,497	1,000

Note 7: Deferred tax

Deferred income tx refelect the net tax effect of temporary difference between carrying amount of assets and liabilities for financial reproting purpose and the amount used for income tax purpose. Significant component of the Company's net deferred income tax are as follows:

	As at 31 March 2017	**As at 31 March 2016**	**As at 1 April 2015**
Provision for compensated absences and gratuity	14,223	11,380	9,435
Expenditure allowed on actual payment basis	2,976	1,744	1,515
MAT Credit Entitlement	77,530	101,349	93,978
Accelerated depreciation for tax purposes	17,597	15,055	9,606
Others	2,100	6,431	25,917
	114,426	**135,959**	**140,451**
Less: Deferred tax not recognised in the absence of reasonable certainity		34,610	46,472
	114,426	**101,349**	**93,979**

Reflected in the balance sheet as follows:

(INR in Thousands)

	As at 31 March 2017	**As at 31 March 2016**	**As at 1 April 2015**
Deferred tax assets	114,426	101,349	93,978
Deferred tax liabilities:	-	-	-
Deferred tax assets, net	**114,426**	**101,349**	**93,978**

Reconciliation of Deferred tax Assets (net):

(INR in Thousands)

	For the year ended 31 March 2017	**For the year ended 31 March 2016**
Balance at the commencement of the year	101,349	93,978
Expense during the period recognised in statement of profit or loss	12,559	7,371
Credit during the period recognised in OCI	518	-
Balance at the end of the year	**114,426**	**101,349**

Note 8: Other non-current assets

(INR in Thousands)

	As at 31 March 2017	**As at 31 March 2016**	**As at 1 April 2015**
Capital advances	43	-	-
Total other non-current assets	**43**	**-**	**-**

Note 9: Inventories

(INR in Thousands)

	As at 31 March 2017	**As at 31 March 2016**	**As at 1 April 2015**
Raw Material	10,002	-	-
Work-in-progress	27,137	5,797	5,655
Stores and spares	588	757	884
Total inventories	**37,727**	**6,554**	**6,539**

10 Trade receivables

(INR in Thousands)

	As at 31 March 2017	**As at 31 March 2016**	**As at 1 April 2015**
Trade receivables			
Unsecured and Current			
Trade receivables	151,861	146,157	75,979
Receivables from related parties	36,586	12,409	1,809
Less: Expected Credit Loss Allowance	(138)	-	-
Total	**188,309**	**158,566**	**77,788**

Note: 11a Cash and cash equivalents

(INR in Thousands)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Balances with banks			
- in current accounts	46,479	50,805	30,554
- on deposits accounts repayable on demand	59,580	-	-
Cash on hand	29	50	35
Cheques/ draft on hand	-	-	16
Others			
Imprest and meal vouchers	14	95	143
Total cash and cash equivalents	**106,102**	**50,950**	**30,747**

Note: 11 (b) Other bank balances

(INR in Thousands)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Deposits accounts with maturity up to twelve months from the reporting date- held as margin money	3,381	3,178	500
Total other bank balance	**3,381**	**3,178**	**500**

Note 12: Other current assets

(INR in Thousands)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Prepayments	7,583	7,976	7,973
Balances with sales tax authorities	36,161	29,783	24,017
Advance to employees	54	569	621
Advance for supply of goods and services	6	107	115
Others	-	13	-
Total other current assets	43,804	38,448	32,726

Note 13: Equity share capital and other equity

13(a) Equity share capital

(INR in Thousands)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Authorised			
2,000 thousand (31 March 2016: 2,000 thousand) equity shares of Rs. 10 each	20,000	20,000	20,000
48,000 thousand (31 March 2016: 48,000 thousand) 8% optionally convertible non-commulative redeemable preference shares of Rs. 10 each	480,000	480,000	480,000
	500,000	**500,000**	**500,000**
Issued and subscribed			
1,999 thousand (31 March 2016: 1,999 thousand) equity shares of Rs. 10 each	19,998	19,998	19,998
6,200 thousand (31 March 2016: 6,200 thousand) 8% optionally convertible non- commulative redeemable preference shares of Rs. 10 each	62,000	62,000	62,000
	81,998	**81,998**	**81,998**
Paid up			
1,999 thousand (31 March 2016: 1,999 thousand) equity shares of Rs. 10 each	19,998	19,998	19,998
6,200 thousand (31 March 2016: 6,200 thousand) 8% optionally convertible non- commulative redeemable preference shares of Rs. 10 each	62,000	62,000	62,000
	81,998	**81,998**	**81,998**

a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	31 March 2017		31 March 2016		1 April 2015	
Particulars	**Number of shares**	**INR in Thousands**	**Number of shares**	**INR in Thousands**	**Number of shares**	**INR in Thousands**
Equity shares						
At the commencement and at the end of the year	1,999,766	19,998	1,999,766	19,998	1,999,766	19,998
8% Optionally convertible non- cummulative redeemable preference shares						
At the commencement and at the end of the year	6,200,000	62,000	6,200,000	62,000	6,200,000	62,000

b) Rights, preferences and restriction attached to equity shares:

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 on winding up. The equity shares are entitled to receive dividends as declared from time to time subject to preferential rights of preference shareholders to payment of dividend. The voting rights of equity shareholders on a poll (not on show of hands) are in proportion to his/its share of the paid-up equity share 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.

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.

c) Rights, preferences and restriction attached to preference shares:

Optionally convertible non-cumulative preference shares were issued at par and each share is optionally convertible in to equity shares of par value. The holder of these shares are entitled to a non cumulative dividend of 8%.

Prefernce shares carry a preferential right to dividend over equity sharesholders. Where dividend is not declared in respect of a financial year, the entitlement for that year lapses. In the event of winding up, preference shareholders have a preferential right over equity shareholders to be repaid to the extent of Capital paid up.

62,00,000 Preference Shares are redeemable on 31 March 2018.

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

	31 March 2017		31 March 2016		1 April 2015	
Particulars	**Number of shares**	**% holding**	**Number of shares**	**% holding**	**Number of shares**	**% holding**
Equity shares of Rs. 10 each fully paid up held by 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%	1,999,766	100%
8% Optionally convertible non- cummulative redeemable preference shares held by Jubilant Life Sciences Limited, the ultimate holding company	6,200,000	100%	6,200,000	100%	6,200,000	100%

Nature and purpose of other reserves

Capital reserve

Capital reserve represents equity recognised in connection with share based payment transaction form holding Company.

Capital redemption reserve

Capital redemption reserve represents the unutilized accumulated amount set aside at the time of redemption of shares. This reserve is utilized in accordance with the provisions of the Act.

General reserve

This represents appropriation of profit by the company and is available for distribution of dividend.

Remeasurement of defined benefit obligation

Remeasurement of defined benefit obligation comprises actuarial gains and losses and return on plan assets.

Note 14: Borrowings

(INR in Thousands)

	As at 31 March 2017	**As at 31 March 2016**	**As at 1 April 2015**
Long term maturity of Finance lease obligations (secured)	4,967	-	-
Total non-current borrowings	**4,967**	**-**	**-**

Note 15: Provisions

(INR in Thousands)

	As at 31 March 2017		**As at 31 March 2016**		**As at 1 April 2015**	
	Current	**Non- current**	**Current**	**Non- current**	**Current**	**Non- current**
Provision for employee benefits	5,358	35,740	5,147	27,735	5,530	22,228
Total provisions	**5,358**	**35,740**	**5,147**	**27,735**	**5,530**	**22,228**

Note 16: Trade payables

(INR in Thousands)

	As at 31 March 2017	**As at 31 March 2016**	**As at 1 April 2015**
Current			
Trade payables to related parties (note 34)	8,910	27,758	13,909
Other trade payables	42,708	36,301	18,888
Total trade payables	**51,619**	**64,060**	**32,797**

Micro, Small and Medium Enterprises

There are no Micro, Small and Medium Enterprises, to whom the Indian entities owes dues, which are outstanding for more than 45 days as at 31 March 2017. The information as required to be disclosed in relation to Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Indian entities

Note 17: Other financial liabilities

(INR in Thousands)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Current			
Current maturities of finance lease obligations	1,101	-	-
Capital creditors	3,462	3,937	9,308
Employee benefits payable	4,692	3,819	3,259
Other payables	8,461	5,039	4,457
Total other current financial liabilities	**17,716**	**12,795**	**17,024**

Note 18: Other current liabilities

(INR in Thousands)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Customer advances	1,462	3,369	-
Statutory dues payables	4,605	4,028	1,871
Total other current liabilities	**6,067**	**7,397**	**1,871**

Note 19: Revenue from operations

(INR in Thousands)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Sale of services	985,547	660,609
Other operating revenue	1,626	1,043
Total revenue from operations	**987,173**	**661,652**

* Other operating revenues is in the nature of scrap sales and liabilities write back etc

Note 20: Other income

(INR in Thousands)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Interest income	1,608	348
Other non-operating income	-	417
Net foreign exchange gain	-	2,579
Total other income	1,608	3,344

Note 21: Changes in inventories of work-in-progress

(INR in Thousands)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Opening balance	**5,797**	**5,655**
Closing balance	**37,139**	**5,797**
(Increase)/ decrease in inventory	**(31,342)**	**(142)**

Note 22: Employee benefit expense

(INR in Thousands)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Salaries, wages, bonus, gratuity and allowances	255,633	197,113
Contribution to provident fund, superannuation and other funds	12,856	9,853
Staff welfare expenses	14,474	9,986
Total employee benefit expense	**282,963**	**216,953**

Note 23: Finance costs

(INR in Thousands)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Finance cost on finance lease obligations	680	342
Total finance cost	680	342

Note 24: Depreciation and amortisation expense

(INR in Thousands)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Depreciation of property, plant and equipment	56,017	55,798
Amortisation of intangible assets	1,470	1,830
Total depreciation and amortisation expense	**57,488**	**57,628**

Jubilant Chemsys Limited
Notes to the financial statements for the year ended 31 March 2017

Note 25: Other expenses

(INR in Thousands)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Consumption of stores and spares and packing materials	296,217	197,296
Rent	32,177	28,172
Rates and taxes	375	2,672
Insurance	1,791	1,865
Advertisement and sales promotion	46,811	6,130
Travelling and conveyance	6,876	3,654
Repairs and maintenance		
Plant and machinery	25,051	21,514
Buildings	4,085	3,014
Others	4,633	5,150
Office expenses	51,480	43,685
Vehicle running and maintenance	392	66
Printing and stationery	1,472	1,110
Telephone and communication charges	1,454	1,147
Staff recruitment and training	4,837	7,757
Payments to auditors (refer note (i) below)	176	151
Legal and professional fees	19,839	14,565
Freight and forwarding	5,051	3,145
Subscription	11,552	11,468
Bank charges	887	738
Discounts and claims to customers and other selling expenses	-	324
Loss on sale/ write off of property, plant and equipment (net)	1,688	0.48
Provision/write off bad debts (net)	138	-
Foreign exchange loss (net)	5,020	-
Miscellaneous expenses	670	88
Total other expenses	**522,672**	**353,711**

(i) Payments to auditors

(INR in Thousands)

	For the year ended 31 March 2017	For the year ended 31 March 2016
As auditor:		
Statutory audit	101	101
Tax audit	-	51
In other capacities		
Certification fees	75	-
Total payments to auditors	**176**	**151**

Note 26: Income tax

The major components of income tax expense for the years ended 31 March 2017 and 31 March 2016 are:

Statement of Profit and Loss:

Profit or loss section

(INR in Thousands)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Current income tax:		
Current income tax charge for the year	32,949	7,371
Adjustments in respect of current income tax of previous year	10	-
	32,959	**7,371**
Deferred tax:		
Relating to origination and reversal of temporary differences	(36,378)	-
MAT Credit:		
MAT credit on profits for the year	23,722	(7,371)
Adjustments in respect of MAT credit of previous year	97	-
Income tax expense reported in the statement of profit or loss	**20,400**	**7,371**
OCI section		
Tax related to items that will not be reclassified to Profit & Loss:	(518)	-
Income tax charged to OCI	-518	-

Reconciliation between average effective tax rate and applicable tax rate for 31 March 2017 and 31 March 2017:

(INR in Thousands)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Accounting profit before income tax	156,321	36,504
At India's statutory income tax rate of 34.608% (31 March 2016: 33.063%)	54,099	12,633
- Effect of non-deductible expenses	-	89
- Effect of unrecognized deferred tax	-	(12,722)
- Effect of unrecognized deferred tax recognised now	(33,023)	-
- True ups of earlier years	107	-
- Others	(783)	-
Income tax expense reported in the statement of profit and loss	**20,400**	**0.30**

Note 27: Contingent liabilities and contingent assets

Contingent liabilities to the extent not provided for:

A. Guarantees:

Outstanding guarantees furnished by Banks on behalf of the Company are: INR 2,035 Thousands (31 March 2016: INR 2,678 Thousands, 1 April 2015: INR 3,321Thousands).

B. Claims against Company, disputed by the Company, not acknowledged as debt:

(INR in thousands)

Name of the Statute	Nature of dues	Amount involved	Amounts paid under protest	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	403	Nil	Financial year 2007-08	ITAT
Income Tax Act, 1961	Income Tax	13,190	Nil	Financial year 2008-09	ITAT
Income Tax Act, 1961	Income Tax	24,937	Nil	Financial year 2009-10	ITAT
Income Tax Act, 1961	Income Tax	31,736	Nil	Financial year 2011-12	CIT Appeals
Income Tax Act, 1961	Income Tax	32,417	Nil	Financial year 2012-13	CIT Appeals

(INR in Thousands)

	As at 31 March 2017	**As at 31 March 2016**	**As at 1 April 2015**
Service Tax	162,101	147,117	138,849

Note 28: Commitments as at year end

a) Capital Commitments:

Estimated amount of purchase orders released on account of Capital Expenditure as on 31 Mar 2017 (Net of advances) is INR **9,895** Thousands (31 March 2016: INR 26,830 Thousands, 1 April 2015: INR 9,779 Thousands).

b) Leases:

i) The Company's significant operating lease arrangements are in respect of premises (residential, offices etc.). These leasing arrangements, which are cancellable, range between 11 months and 9 years generally and are usually renewable by mutual agreeable terms. The aggregate lease rentals payable are charged as expenses. Rental payments under such leases are INR 32,177 Thousands (31 March 2016: INR 28,172 Thousands).

ii) Assets acquired under finance lease:

The Company has taken vehicles under finance lease. Future minimum lease payments and their present values under finance leases are as follows:

(INR in thousands)

Particulars	Minimum lease payments			Present value of minimum lease payments			Future interest		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Payable in less than one year	19.89	-	-	11.01	-	-	8.88	-	-
Payable between one and five years	64.79	-	-	49.67	-	-	15.12	-	-
Payable after more than five years	-	-	-	-	-	-	-	-	-

There is no element of contingent rent or sub lease payments. The Company has option to purchase the assets at the end of the lease term. There are no restrictions imposed by these lease arrangements regarding dividend, additional debt and further leasing.

c) Other Commitments:

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 2015-20. However, the company has already achieved the positive net foreign exchange earnings.

Note 29 : Employee Benefits in respect of the Company have been calculated as under:

(A) Defined Contribution Plans

During the year the Company has contributed following amounts to: (INR in Thousands)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Employers contribution to provident fund	6,586	5,114
Employers contribution to employee’s pension scheme 1995	4,789	3,685
Employers contribution to employee state insurance	386	164

(A) Defined Benefit Plans

i. Gratuity

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The discount rate assumed is 7.50% p.a. (31 March 2016: 7.90 % p.a., 1 April 2015: 7.74 % p.a.) which is determined by reference to market yield at the Balance Sheet date on Government bonds. The retirement age has been considered at 58 years (31 March 2016: 58 years, 1 April 2015: 58 years) and mortality table is as per IALM (2006-08) (31 March 2016: IALM (2006-08), 1 April 2015: IALM (2006-08)). The estimates of future salary increases, considered in actuarial valuation is 10% p.a. for first three years and 6% p.a. thereafter (31 March 2016: 10% p.a. for first three years and 6% p.a. thereafter, 1 April 2015: 10% p.a. for first three years and 6% p.a. thereafter), taking into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

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

(INR in Thousands)

Particulars	**31 March 2017**	**31 March 2016**
Present value of obligation at the beginning of the year	15,953	13,068
Current service cost	3,974	2,995
Interest cost	1,260	1,011
Actuarial loss	1,497	612
Benefits paid	(2,036)	(1,733)
Present value of obligation at the end of the year	20,649	15,953

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

(INR in Thousands)

Particulars	**31 March 2017**	**31 March 2016**	**1 April 2015**
Present value of obligation at the end of the year	20,649	15,953	13,068
Fair value of plan assets at the end of the year	-	-	-
Net liabilities recognised in the Balance Sheet	(20,649)	(15,953)	13,068

Expense recognised in the statement of profit and loss under employee benefit expense:

(INR in Thousands)

Particulars	**31 March 2017**	**31 March 2016**
Current service cost	3,974	2,995
Interest cost	1,260	1,011
Net cost recognized in the statement of profit and loss	5,234	4,006

Amount recognized in the statement of other comprehensive income:

(INR in Thousands)

Particulars	31 March 2017	31 March 2016
Actuarial (Gain)/Loss due to Demographic Assumption change	-197	-291
Actuarial (Gain)/Loss due to Financial Assumption change	422	-120
Actuarial (Gain)/Loss due to Experience Adjustment	1,272	1,023
Amount recognised in the statement of other comprehensive income	1,497	612

Company's best estimate of contribution during next year is INR 6,039 Thousands (31 March 2016: INR 6,219 Thousands)

Sensitivity analysis

(INR in Thousands)

Particulars	31 March 2017		31 March 2017	
Assumptions	**Discount rate**		**Future salary increase**	
Sensitivity level	0.5% increase	0.5%decrease	0.5% increase	0.5% decrease
Impact on defined benefit	(613)	651	655	(622)

ii. Provident Fund:

The guidance on implementation of AS 15, Employee Benefits (Revised 2005) issued by Accounting Standard Board (ASB) states that benefits involving provident funds, which require interest shortfall to be compensated, are to be considered as defined benefit plans.

iii. Other long term benefits (compensated absences):

Particulars	31 March 2017	31 March 2016
Present value of obligation at the end of the year	16,556	13,622

Note 30: Fair value measurements

	Note	31-Mar-17			31-Mar-16			1-Apr-15		
		FVPI	FVOCI	Amortised cost	FVPI	FVOCI	Amortised cost	FVPI	FVOCI	Amortised cost
Financial assets										
Trade receivables	(a)	-	-	188,309	-	-	158,566	-	-	77,788
Cash and cash equivalents	(a)	-	-	106,102	-	-	50,950	-	-	30,747
Bank balances other	(a)	-	-	3,381	-	-	3,178	-	-	500
Loans	(a),(b)	-	-	10,947	-	-	10,131	-	-	10,032
Other financial assets	(a)	-	-	4,823	-	-	1,838	-	-	2,497
Total financial assets		**-**	**-**	**313,562**	**-**	**-**	**224,663**	**-**	**-**	**121,564**
Financial liabilities										
Borrowings	©	-	-	4,967	-	-	-	-	-	-
Trade payables	(a)	-	-	51,619	-	-	64,060	-	-	32,797
Other financial liabilities	(a)	-	-	17,716	-	-	12,795	-	-	17,024
Total financial liabilities		**-**	**-**	**74,302**	**-**	**-**	**76,854**	**-**	**-**	**49,821**

Note:

(a) Fair Valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.

(b) Fair value of non-current financial assets has not been disclosed as there is no significant difference between carrying value and fair value.

(c) Fair value of Borrowing is as below:

(INR in Thousands)

Particulars	Level	31 March 2017	31 March 2016	1 April 2015
Other borrowings	3	4,967	-	-

Note 31: Financial risk management

A. Financial risk management

i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The risk management framework is intended to ensure that risks are taken care with due diligence.

The Company through three layers of defense namely policies and procedures, reviews mechanism and assurance aims to maintain a disciplined and constructive control environment in which all employees understand and their roles and obligations The Company audit committee of Board with top management oversee the formulation and implementation of the risk management policies. The risk are identified at business unit level and mitigation plan are identified, deliberated and reviewed at appropriate forums.
The Company has exposure to the following risks arising from financial instruments:

- credit risk (see (ii));
- liquidity risk (see (iii)); and
- market risk (see (iv)).

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans and investments.

The carrying amount of financial assets represents the maximum credit exposure.

Trade and other receivables

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and business intelligence. . Sale limits are established for each customer and reviewed annualy. Any sales exceeding those limits require approval from the appropriate authority as per policy.

In monitoring customer credit risk, customers are Companyed according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a institutional , dealers or end-user customer, their geographic location, industry, trade history with the Company and existence of previous financial difficulties.

The customer of the company are spread across, North America, Europe, Asia and rest of the world region though majority of customers are based out of North America and accordingly, trade account receivables are concentrated in these geographies. To reduce credit risk, the company has performs ongoing credit evaluation of customers. As of 1st April 2015, 31st March 2016 and 31st March 2017 , one customer is having 18%, 24%, 24% share in total trade receivable of the company respectively.

Expected credit loss for trade receivables:

The company based on the internal assessment which is driven by the historical experience/current facts available in relation to default and delays in collection thereof, the credit risk for trade receivables is considered low. The company estimates its allowance for trade receivable using lifetime expected credit loss. The balance past due for more than 6 month (net of expected credit loss allowance), excluding receivable from group companies is INR 1,750 thousands (31st March 2016 INR 1,481 thousands, 1st April 2015 INR 58 thousands).

Movement in expected credit loss allowance of trade receivable are as follows:

(INR in Thousands)

	As at 31 March 2017	**As at 31 March 2016**
Opening balance as of 1 April	-	-
Add; provided for the year (net of reversal)	138	-
Less: Amount written off	-	-
Closing balance as at 31 March	**138**	**-**

Expected credit loss on financial assets other than trade receivables;

With regards to all the financials assets with contractual cash flows other than trade receivable, management believes these to be high quality assets with negligible credit risk. The management believes that the parties from which these financials assets are recoverable, have strong capacity to meet the obligations and where the risk of default is negligible and accordingly no provision for expected credit loss has been provided on these financial assets. Break up of financial assets other than trade receivables have been disclosed on balance sheet.

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's treasury department is responsible for managing the short term and long term liquidity requirements. Short term liquidity situation is reviewed daily by Treasury.. Longer term liquidity position is reviewed on a regular basis by the Board of Directors and appropriate decisions are taken according to the situation.

.**Exposure to liquidity risk**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements

(INR in Thousands)

31 March 2017	**Carrying Amount**	**Total**	**Contractual Cash Flow**	
			Within one year	**More than one year**
Non-derivative financial liabilities				
Borrowings	4,967	4,967	-	4,967
Trade payables	51,619	51,619	51,619	-
Other financial liabilities	17,716	17,716	17,716	-
Other current liability	6,067	6,067	6,067	-

(INR in Thousands)

31 March 2016	**Carrying Amount**	**Total**	**Contractual Cash Flow**	
			Within one year	**More than one year**
Non-derivative financial liabilities				
Trade payables	64,060	64,060	64,060	-
Other financial liabilities	12,795	12,795	12,795	-
Other current liability	7,397	7,397	7,397	-

(INR in Thousands)

1 April 2015	**Carrying Amount**	**Total**	**Contractual Cash Flow**	
			Within one year	**More than one year**
Non-derivative financial liabilities				
Trade payables	32,797	32,797	32,797	-
Other financial liabilities	17,024	17,024	17,024	-
Other current liability	1,871	1,871	1,871	-

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currency of Company. The functional currency of Company is primarily the INR.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows.

(INR in Thousands)

	31 March 2017				**31 March 2016**				**31 March 2015**			
	USD	**EUR**	**GBP**	**CHF**	**USD**	**EUR**	**GBP**	**CHF**	**USD**	**EUR**	**GBP**	**CHF**
Trade receivables	2,631	190	–	–	2,266	86	10	-	1,117	59	–	–
Financial assets	58	–	–	–	11	–	–	–	18	–	–	–
Financial Liabilities	23	–	–	–	51	–	–	–	–	–	–	–
Trade payables	152	14	7	21	222	2	1	20	128	0.2	–	–
Net statement of financial position exposure	**2,514**	**176**	**(7)**	**(21)**	**2,004**	**84**	**9**	**(20)**	**1,007**	**59**	–	–

Sensitivity analysis

A reasonably possible strengthening (weakening) of the euro, US dollar or CHF and against all other currencies at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or loss		Equity, net of tax	
	Strengthening	**Weakening**	**Strengthening**	**Weakening**
31-Mar-17				
EUR (1% movement)	1.76	(1.76)	1.16	(1.16)
USD (1% movement)	25.14	(25.14)	16.57	(16.57)
GBP (1% movement)	(0.07)	0.07	(0.05)	0.05
CHF (1% movement)	(0.21)	0.21	(0.14)	0.14
31-Mar-16				
EUR (1% movement)	0.84	(0.84)	0.55	(0.55)
USD (1% movement)	20.04	(20.04)	13.21	(13.21)
GBP (1% movement)	0.09	(0.09)	0.06	(0.06)
CHF (1% movement)	0.2	(0)	0.13	(0.13)
01-Apr-15				
EUR (1% movement)	0.59	(0.59)	0.39	(0.39)
USD (1% movement)	10.07	(10.07)	6.64	(6.64)
GBP (1% movement)	-	-	-	-
CHF (1% movement)	-	-	-	-

Note 32: Capital management

(a) Risk management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.
  In order to maintain or adjust the Capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

  Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

  Net debt (total borrowings net of cash and cash equivalents) divided by
  Total 'equity' (as shown in the balance sheet, including non-controlling interests).

The Company's strategy is to maintain a gearing ratio within 0.1%. The gearing ratios were as follows:

(INR in Thousands)

Particulars	**31 March 2017**	**31 March 2016**	**1 April 2015**
Net debt	6,068	-	-
Total equity	643,683	508,743	472,849
Net debt to equity ratio	**0.01**	**-**	**-**

Note 33: Related Party Disclosures

1. Name of the Related Parties

Particulars	31 March 2017	31 March 2016	1 April 2015
Holding Company	Jubilant Drug Development Pte Limited, Singapore	Jubilant Drug Development Pte Limited, Singapore	Jubilant Drug Development Pte Limited, Singapore
Ultimate Holding Company	Jubilant Life Sciences Limited	Jubilant Life Sciences Limited	Jubilant Life Sciences Limited
Fellow Subsidiaries	Jubilant Biosys Limited	Jubilant Biosys Limited	Jubilant Biosys Limited
	Jubilant Discovery Services Inc., USA	Jubilant Discovery Services Inc., USA	Jubilant Discovery Services Inc., USA
	Jubilant Drug Discovery Services Inc, Canada	Jubilant Drug Discovery Services Inc, Canada	Jubilant Drug Discovery Services Inc, Canada
	Jubilant Generics Limited	Jubilant Generics Limited	Jubilant Generics Limited
Key management personnel (KMP)	Dr. Vikas Shreekrishna Shirsath	Dr. Vikas Shreekrishna Shirsath	Dr. Vikas Shreekrishna Shirsath
	-	-	Dr. Subir Kumar Basak

(INR in Thousands)

31 March 2017

Sr.No	Particulars	Ultimate Holding Company / Fellow Subsidiaries	Key management personnel and relatives	Total
Description of Transactions:				
1.	**Sales of Goods and Services:**			
	Jubilant Biosys Limited	80,981	-	80,981
	Jubilant Generics Limited	510	-	510
		81,491	-	**81,491**
2.	**Purchase of Goods and Services:**			
	Jubilant Life Sciences Limited	8,506		8,506
		8,506	-	**8,506**
3.	**Recovery of Expenses:**			
	Jubilant Biosys Limited	415	-	415
	Jubilant Generics Limited	415	-	415
		830	-	**830**
4.	**Reimbursement of Expenses:**			
	Jubilant Biosys Limited	12,977	-	12,977
	Jubilant Life Sciences Limited	21,413	-	21,413
	Jubilant Generics Limited	13,691	-	13,691
		48,081	-	**48,081**

5.	**Remuneration and Related Expenses:** Dr. Vikas Shreekrishna Shrisath	-	**7,768**	**7,768**
		-	**7,768**	**7,768**
6.	**Rent Expenses:** Jubilant Life Sciences Limited	9,007	-	9,007
		9,007	**-**	**9,007**
7.	**Business Development Expenses:** Jubilant Discovery Services Inc., USA	44,428	-	44,428
		44,428	**-**	**44,428**
8.	**Amount Outstanding:** **Trade and other payables:** Jubilant Biosys Limited Jubilant Life Sciences Limited Jubilant Discovery Services Inc., USA	 915 583 7,412	 - - -	 915 583 7,412
		8,910	**-**	**8,910**
9.	**Trade Receivables:** Jubilant Biosys Limited	36,586	-	36,586
		36,586	**-**	**36,586**

The Company is in the process of updating the documentation for the specified transactions entered into with the specified persons and associated enterprises during the financial year. The management is of the opinion that its specified transactions are at arm's length and will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

31 March 2016

Description of Transactions:				
Sr.No	**Particulars**	**Ultimate Holding Company / Fellow Subsidiaries**	**Key management personnel and relatives**	**Total**
1.	**Sales of Goods and Services:** Jubilant Biosys Limited Jubilant Generics Limited Jubilant Discovery Services Inc., USA	 10,046 882 6,314	 - - -	 10,046 882 6,314
		17,242	**-**	**17,242**
2.	**Purchase of Goods and Services:** Jubilant Life Sciences Limited Jubilant Generics Limited	 8,970 18	 - -	 8,970 18
		8,988	**-**	**8,988**
3.	**Recovery of Expenses:** Jubilant Biosys Limited Jubilant Generics Limited	 423 423	 - -	 423 423
		846	**-**	**846**

4.	**Reimbursement of Expenses:**			
	Jubilant Biosys Limited	13,458	-	13,458
	Jubilant Life Sciences Limited	14,795	-	14,795
	Jubilant Generics Limited	7,565	-	7,565
		35,818	-	**35,818**
5.	**Remuneration and Related Expenses:**			
	Dr. Vikas Shreekrishna Shirsath	-	6,193	6,193
		-	**6,193**	**6,193**
6.	**Rent Expenses:**			
	Jubilant Life Sciences Limited	4,736	-	4,736
		4,736	-	**4,736**
7.	**Business Development Expenses:**			
	Jubilant Discovery Services Inc., USA	6,106	-	6,106
		6,106	-	**6,106**
8.	**Amount Outstanding:**			
	Trade and other payables:			
	Jubilant Biosys Limited	7,461	-	7,461
	Jubilant Generics Limited	7,432	-	7,432
	Jubilant Discovery Services Inc., USA	926	-	926
	Jubilant Life Sciences Limited	11,939	-	11,939
		27,758	-	**27,758**
9.	**Trade Receivables:**			
	Jubilant Biosys Limited	7,477	-	7,477
	Jubilant Generics Limited	162	-	162
	Jubilant Discovery Services Inc., USA	4,770	-	4,770
		12,409	-	**12,409**
10.	**Other Recoverable:**			
	Jubilant Life Sciences Limited	79	-	79
		79	-	**79**

The Company is in the process of updating the documentation for the specified transactions entered into with the specified persons and associated enterprises during the financial year. The management is of the opinion that its specified transactions are at arm’s length and will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

01 April 2015

Description of Transactions:				
Sr.No	**Particulars**	**Ultimate Holding Company / Fellow Subsidiaries**	**Key management personnel and relatives**	**Total**
1.	**Sales of Goods and Services:**			
	Jubilant Biosys Limited	25,618	-	25,618
	Jubilant Generics Limited	25	-	25
	Jubilant Discovery Services Inc., USA	670	-	670
	Jubilant Drug Discovery Services Inc.	2,015	-	2,015
		28,328	**-**	**28,328**
2.	**Purchase of Goods and Services:**			
	Jubilant Life Sciences Limited	15,918	-	15,918
	Jubilant Generics Limited	25	-	25
		15,943	**-**	**15,943**
3.	**Recovery of Expenses:**			
	Jubilant Biosys Limited	418	-	418
	Jubilant Generics Limited	397	-	397
		815	**-**	**815**
4.	**Reimbursement of Expenses:**			
	Jubilant Biosys Limited	20,730	-	20,730
	Jubilant Life Sciences Limited	11,093	-	11,093
	Jubilant Generics Limited	3,272	-	3,272
		35,095	**-**	**35,095**
5.	**Remuneration and Related Expenses:**			
	Dr. Vikas Shreekrishna Shirsath	-	4,842	4,842
	Dr. Subir Kumar Basak	-	11,002	11,002
		-	**15,844**	**15,844**
6.	**Rent Expenses:**			
	Jubilant Life Sciences Limited	4,852	-	4,852
		4,852		**4,852**
7.	**Business Development Expenses:**			
	Jubilant Discovery Services Inc., USA	10,221	-	10,221
		10,221	**-**	**10,22**
8.	**Amount Outstanding:**			
	Trade and other payables:			
	Jubilant Biosys Limited	5,339	-	5,339
	Jubilant Discovery Services Inc., USA	3,636	-	3,636
	Jubilant Life Sciences Limited	4,934	-	4,934
		13,909	**-**	**13,909**
9.	**Trade Receivables:**			
	Jubilant Biosys Limited	1,471	-	1,471
	Jubilant Discovery Services Inc., USA	338	-	338
		1,809		**1,809**

The Company is in the process of updating the documentation for the specified transactions entered into with the specified persons and associated enterprises during the financial year. The management is of the opinion that its specified transactions are at arm's length and will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

Note 34: Disclosure on Specified Bank Notes

During the year, the Company had Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA notification,G.S.R 308(E), dated 31 March 2017. The details of SBNs held and transacted during the period from 8 Nov 2016to 30 Dec 2016, the denomination-wise SBNs and other notes as per notification are as follows:

(INR in thousands)

Particular	**SBNs (1)**	**Other denomination Notes**	**Total**
Closing cash in hand as on 08.11.2016	80	2	81
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	(1.5)	(1,5)
(-) Amount deposited in Banks	(80)	-	(80)
Closing cash in hand as on 30.12.2016	-	0.5	0.5

(1) For the purpose of this clause, ther term "specified bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O.3407(E), dated 8 Nov 2016.

Note 35: Segment Reporting

Based on the guiding principles given in the Ind AS 108 on "Operating Segments", as the Company's business activity falls within a single primary segment, the disclosure requirements of the said of Ind AS 108 in this regard are not applicable.

Note 36: The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation 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 is in the process of updating the documentation for the specified domestic transactions entered into with the specified persons and the international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence before the due date of filing of income tax return. The management is of the opinion that its specified domestic transactions and international 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.

Note 37: Earnings per share

(INR in Thousands)

		For the year ended 31 March 2017	For the year ended 31 March 2016
Profit for basic and diluted earnings per share of INR 10 each		**134,941**	**35,892**
Weighted average number of equity shares used in computing earnings per share*			
For basic earnings per share	**Nos**	**1,999,766**	**1,999,766**
For diluted earnings per share:			
No. of shares for basic earnings per share	Nos.	1,999,766	1,999,766
Add: weighted average outstanding 8% optionally convertible preference shares	Nos.	6,200,000	6,200,000
No. of shares for diluted earnings per share	**Nos.**	**8,199,766**	**8,199,766**
Earnings per share (face value of INR 10 each)			
Basic	INR	**67.48**	**17.95**
Diluted	INR	**16.46**	**4.38**

*The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions during the year. There have been no other transactions involving Equity shares or potential Equity shares between the reporting date and the date of authorisation of these financial statements.

Note 38: First-time adoption of Ind AS

Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 2015 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1 Ind AS optional exemptions

A.1.1 Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

A.2.1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

A.2.2 De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS. After classifying previous GAAP numbers to conform to IND AS requirements, the only differences which had impact on profit for the year as reported under previous GAAP was as below:

Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these re-measurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2016 decreased by, net of related tax, INR 612 Thousands. There is no impact on the total equity as at 31 March 2016.

Statement of Cash Flows

Other than effect of certain reclassification due to different in presentation, there was no other material effect of cash flow from operating, financing, investing activites for all periods presented.

As per report of even date attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm registration number : 101248W/W100022

Pravin Tulsyan	Shyam Nath Singh	Dr. Ashutosh Agarwal	Noopur Agarwal
Partner	Chairman	Director	Company Secretary
Membership No: 108044	DIN:00010530	DIN:07187888	
Place : Noida	Place : Noida	Place : Noida	Place : Noida
Date: 15 May 2017	Date: 15 May 2017	Date: 15 May 2017	Date: 15 May 2017