INDEPENDENT AUDITOR'S REPORT

To the Members of Jubilant Biosys Limited

Report on the Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Jubilant Biosys Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the 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 state of affairs, profit/loss (including other comprehensive income), changes in equity and cash flows 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.

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.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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 are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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 of the state of affairs of the Company as at 31 March 2018, its loss (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) in the Ind AS financial statements wherein it is stated that the net worth of the Company has been significantly eroded. As stated in Note 2(b), these events or conditions, along with other matters as set forth in Note 2(b), indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. On the basis of continued financial and operational support from the ultimate holding Company, the management considers it appropriate to prepare the Ind AS financial statements for the year ended 31 March 2018 on a going concern basis.

Our opinion is not modified in respect of this matter

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and 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 Indian Accounting Standards prescribed under section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 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 with reference to Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

   i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements- Refer Note 33 to the Ind AS 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 disclosures in the Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However, amounts as appearing in the audited Ind AS financial statements for the period ended 31 March 2017 have been disclosed. Refer Note 12(a) to the Ind As financial statements

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

Pravin Tulsyan
Partner
Membership No.: 108044

Place: Noida
Date: 7 May 2018

Annexure A to the Independent Auditor's Report to the Members of Jubilant Biosys Limited on the Ind AS financial statements for the year ended 31 March 2018

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 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 did not 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 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, paragraph 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 from the public. Accordingly, para 3(v) of the Order is not applicable.

(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 provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited 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 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, except for the matters stated below, there are no other cases of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax where dues have not been deposited with the appropriate authorities on account of any dispute :

Name of the Statute	Nature of dues	Amount involved (Rs.In lakhs)	Amounts paid under protest (Rs. In lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	6.25	6.25	Financial year 2006-07 2007-08	Income tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	880	150	Financial year 2010-11	Income tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	4966	Nil	Financial year 2012-13	Income tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	4507	Nil	Financial year 2013-14	Income tax Appellate Tribunal
Finance Act, 1964	Service Tax	38.07	Nil	Financial year 2016-17	Commissioner of Central Excise and Custom (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 (including debt instruments). 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) According to the information and explanations given to us, and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the provisions of section 197 read with Schedule V of the Companies Act, 2013.

(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 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: 7 May 2018

Annexure B to the Independent Auditor's Report of even date on Indian Accounting Standards (Ind AS) financial statements of Jubilant Biosys Limited

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

We have audited the internal financial controls with reference to Ind AS financial statements of **Jubilant Biosys Limited** ("the Company") as of 31 March 2018 in conjunction with our audit of the 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 with reference to Ind AS financial statements 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 with reference to Ind AS financial statements 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 with reference to Ind AS financial statements 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 with reference to Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to Ind AS financial statements included obtaining an understanding of internal financial controls with reference to Ind AS financial statements, 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 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 with reference to Ind AS financial statements.

Meaning of Internal Financial Controls with reference to Ind AS Financial Statements

A company's internal financial control with reference to Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of Ind AS financial statements and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to Ind AS financial statements 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 Ind AS 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 Ind AS financial statements.

Inherent Limitations of Internal Financial Controls with reference to Ind AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to Ind AS financial statements, 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 with reference to Ind AS Financial Statements to future periods are subject to the risk that the internal financial control with reference to Ind AS financial statements 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 with reference to Ind AS financial statements and such internal financial controls with reference to Ind AS financial statements were operating effectively as at 31 March 2018, based on the internal control with reference to Ind AS financial statements 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
ICAI Firm registration no.: 101248W/W-100022

Pravin Tulsyan
Partner
Membership No.: 108044

Place: Noida
Date: 7 May 2018

JUBILANT BIOSYS LTD

Balance Sheet as at 31 March 2018

	Notes	As at 31 March 2018	(Rs in Lacs) As at 31 March 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	2,383.39	2,483.72
Capital work-in-progress	3	16.86	161.40
Other intangible assets	4	48.63	56.23
Financial assets			
i. Investments	5	-	1,846.01
ii. Loans	6	229.20	227.80
iii. Other financial assets	7	0.86	17.76
Income tax asset (net)		291.13	144.33
Other non-current assets	9	0.30	5.14
Total non-current assets		**2,970.37**	**4,942.39**
Current assets			
Inventories	10	8.82	12.09
Financial assets			
i. Trade receivables	11	1,504.42	2,166.67
ii Cash and cash equivalents	12	518.81	334.24
iii Other Bank balances	12(b)	1.00	1.00
iv. Loans	6	9.32	10.24
v. Other financial assets	7	89.06	105.35
Other current assets	13	938.07	583.30
Total Current Assets		**3,069.50**	**3,212.89**
Total Assets		**6,039.87**	**8,155.28**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	44.13	44.13
Other equity		(8,060.50)	(5,461.17)
Total Equity		**(8,016.37)**	**(5,417.04)**
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
i. Borrowings	15	22.36	31.49
ii. Other financial liabilities	16	12,402.68	11,173.59
Provisions	19	444.92	392.34
Total non-current liabilities		**12,869.96**	**11,597.42**
Current liabilities			
Financial liabilities			
i. Trade payables	17	620.24	1,038.99
ii Other financial liabilities	16	343.25	317.35
Other current liabilities	18	105.96	526.16
Provisions	19	116.83	92.40
Total Current Liabilities		**1,186.28**	**1,974.90**
Total Liabilities		**14,056.24**	**13,572.32**
Total Equity and Liabilities		**6,039.87**	**8,155.28**

The accompanying notes form an integral part of the Financial Statements

As per report of even date attached

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

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

R. Sankaraiah
Director
DIN: 00025022

Sanjay Das
Director
DIN: 03459334

Pravin Tulsyan
Partner
Membership No: 108044

Place : Noida
Date : 7 May 2018

Irfan Ali
Company Secretary

Benny Thomas
Chief Financial Officer

JUBILANT BIOSYS LTD

Statement of Profit and Loss for the Year Ended 31 March 2018 **(Rs. in Lacs)**

Particulars	**Notes**	**For the year ended 31 March 2018**	**For the year ended 31 March 2017**
Revenue from operations	20	8,431.12	8,844.36
Other income	21	15.89	40.26
Total income		**8,447.01**	**8,884.62**
Expenses			
Employee benefits expense	22	3,092.72	2,934.72
Finance costs	23	1,241.48	102.79
Depreciation and amortisation expense	24	547.72	690.35
Other expenses	25	6,158.58	5,664.62
Total expenses		**11,040.50**	**9,392.48**
Loss before tax		**(2,593.49)**	**(507.86)**
Tax expense		-	-
Loss for the year		**(2,593.49)**	**(507.86)**
Other comprehensive loss			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit obligations		(5.84)	(16.36)
Income tax relating to items that will not be reclassified to profit or loss		-	-
Other comprehensive loss for the year, net of tax		(5.84)	(16.36)
Total comprehensive loss for the year		**(2,599.33)**	**(524.22)**
Loss per equity share of Rs. 10 each	35		
Basic (in Rs.)		(587.69)	(115.08)
Diluted (in Rs.)		(587.69)	(115.08)

The accompanying notes form an integral part of the Financial Statements

As per report of even date attached

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

Pravin Tulsyan
Partner
Membership No: 108044

Place : Noida
Date : 7 May 2018

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

R. Sankaraiah
Director
DIN: 00025022

Sanjay Das
Director
DIN: 03459334

Irfan Ali
Company Secretary

Benny Thomas
Chief Financial Officer

JUBILANT BIOSYS LTD
Statement of Changes in Equity for the Year Ended 31 March 2018

A. Equity share capital	(Rs in Lacs)
Balance as at 1 April 2016	44.13
Changes in equity share capital during the year	-
Balance as at 31 March 2017	44.13
Changes in equity share capital during the year	-
Balance as at 31 March 2018	44.13

B. Other Equity (Rs in Lacs)

	Reserves & Surplus (1)			Total
	Capital Reserve	Securities premium	Retained Earnings	
Balance as at 1 April 2016	**74.31**	**1,448.44**	**(14,046.70)**	**(12,523.95)**
Loss for the year	-	-	(507.86)	(507.86)
Other comprehensive loss	-	-	(16.36)	(16.36)
Total comprehensive loss for the year	**-**	**-**	**(524.22)**	**(524.22)**
Optional convertible preference shares (refer note 14(4))	7,587.00	-	-	7,587.00
Balance as at 31 March 2017	**7,661.31**	**1,448.44**	**(14,570.92)**	**(5,461.17)**
Loss for the year	-	-	(2,593.49)	(2,593.49)
Other comprehensive loss	-	-	(5.84)	(5.84)
Total comprehensive loss for the year	**-**	**-**	**(2,599.33)**	**(2,599.33)**
Balance as at 31 March 2018	**7,661.31**	**1,448.44**	**(17,170.25)**	**(8,060.50)**

(1) For nature and purpose of reserves refer note 14 (7).

The accompanying notes form an integral part of the Financial Statements
As per report of even date attached

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

For and on Behalf of the Board of Directors of
Jubilant Biosys Limited

R. Sankaraiah
Director
DIN: 00025022

Sanjay Das
Director
DIN: 03459334

Pravin Tulsyan
Partner
Membership No: 108044

Place : Noida
Date : 7 May 2018

Irfan Ali
Company Secretary

Benny Thomas
Chief Financial Officer

JUBILANT BIOSYS LTD

Statement of cash flows for the Year Ended 31 March 2018 **(Rs in Lacs)**

	For the Year ended	
	31 March 2018	**31 March 2017**
A. Cash flow from operating activities		
Net Loss before tax	(2,593.49)	(507.86)
Adjustments :		
Depreciation and amortisation expense	547.72	690.35
Loss on sale of fixed asset	-	0.18
Loss on sale of investment in subsidiary	6.28	-
Finance costs	1,241.48	102.79
Provision for doubtful debts	61.38	-
Unrealised foreign exchange gain/(loss)	6.97	33.63
Interest income	(13.53)	(27.30)
Operating cash flow before Working Capital changes:	**(743.19)**	**291.79**
Decrease/(increase) in trade receivables, other financial assets and other assets	122.66	(15.11)
Decrease in inventories	3.27	4.31
(Decrease)/ increase in trade payables, provisions and other liabilities	(517.02)	891.78
Cash (used in)/generated from operations	**(1,134.28)**	**1,172.77**
Income tax paid (net of refund)	(146.81)	(32.86)
Net cash (used in)/generated from operating activities (A)	**(1,281.09)**	**1,139.92**
B. Cash flow from investing activities		
Purchase of property, plant and equipment, intangibles/ Capital work-in-progress	(368.20)	(646.28)
Sale of investment in subsidiary/(investment in subsidiary) (Refer note 5)	1,839.73	(677.26)
Interest received	13.53	27.30
Net cash generated from/(used in) investing activities (B)	**1,485.06**	**(1,296.24)**
C. Cash flow arising from financing activities		
(Repayment of)/proceeds from long term borrowings	(6.84)	43.09
Finance costs paid	(12.56)	(4.19)
Net cash (used in)/generated from financing activities (C)	**(19.40)**	**38.90**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	184.57	(117.43)
Add: cash and cash equivalents at the beginning of year	334.24	451.67
Cash and cash equivalents at the end of the year (refer note 12)	**518.81**	**334.24**

The cash flow statement has been prepared under the indirect method as set out in Ind AS - 7 "Statement of Cash Flows"

The accompanying notes form an integral part of the Financial Statements

As per report of even date attached

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

Pravin Tulsyan
Partner
Membership No: 108044

Place : Noida
Date : 7 May 2018

For and on Behalf of the Board of Directors of
Jubilant Biosys Limited

R. Sankaraiah
Director
DIN: 00025022

Sanjay Das
Director
DIN: 03459334

Irfan Ali
Company Secretary

Benny Thomas
Chief Financial Officer

Note 1 Corporate Information

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

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

Note 2 Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. The accounting policies adopted are consistent with those of the previous financial year except for adoption of the following amendment in the Ind AS 7 effective from the current year. The said amendment requires the Company to provide disclosures which will 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. The adoption of the amendment to the Standard mentioned above does not have any significant impact on the financial position or performance of the Company.

(a) Basis of preparation

(i) *Statement of compliance*

These standalone 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. All the amounts included in the financial statements are reported in Lacs of Indian Rupees ('Rupees' or 'Rs.') and are rounded to the nearest Lacs, except per share data and unless stated otherwise.

The financial statements have been authorized for issue by the Company's board of directors as on 7 May 2018.

(ii) *Historical cost convention*

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

(iii) Effective 1 April 2015, the Company had transitioned to Ind AS while the financial statements were being prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (Previous GAAP) till 31 March 2016 and the transition was carried out in accordance with Ind AS 101 "First time adoption of Indian Accounting Standards". While carrying out transition, in addition to the mandatory exemptions, the Company had elected to certain exemption which is as below:

The Company had opted to continue with the carrying value for all of its property, plant and equipment and intangible assets as recognised in the financial statements prepared under Previous GAAP and use the same as deemed cost in the financial statement as at the transition date.

(b) Going concern

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

(c) 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:

(i) It is expected to be realised or intended to be sold or consumed in normal operating cycle;

(ii) It is held primarily for the purpose of trading;
(iii) It is expected to be realised within twelve months after the reporting period; or
(iv) 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:

(i) It is expected to be settled in normal operating cycle;
(ii) It is held primarily for the purpose of trading;
(iii) It is due to be settled within twelve months after the reporting period; or
(iv) 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-noncurrent 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 derecognized 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**

Intangible assets that are acquired (including implementation of software system) are measured initially at cost.

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.

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 (Vehicles – leased)	Tenure of lease or 5 years whichever is shorter	8 years
Computer servers and networks (included in office equipments)	5 years	6 years

Software systems are being amortised over a period of five years being their useful life.

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

(iii) 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.

(d) 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 the Statement of Profit and Loss.

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

(e) 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 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.

(f) 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:

(i) Debt instruments at amortized cost
(ii) Debt instruments at fair value through other comprehensive income (FVOCI)
(iii) Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVPL)
(iv) 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').

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 AS 103 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.

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognized 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 financial assets with contractual cash flows other than trade receivable, 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 is required to be recognised as an impairment gain or loss in the Statement of Profit and Loss.

Derecognition of financial assets

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.

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 of financial liabilities

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 modification 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.

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.

(g) Inventories

Inventories are valued at lower of cost or net realisable value except scrap, which is valued at net estimated realisable value.

The Company uses weighted average method to determine cost of lab chemical and consumables. 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 non-refundable (adjustable) taxes wherever applicable.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost, except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value. The comparison of cost and net realisable value is made on an item-by-item basis.

(h) Cash and cash equivalents

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

(i) 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.

(j) Revenue recognition

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

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

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

Milestones are recognized based on the achievement of success criteria as defined in the agreement and approved by the customer.

In respect of projects for which consideration is received upfront, the revenue is recognized over the project period on straight line basis.

The Licensing revenue is recognized at the time of transfer of intellectual property rights and technical knowhow and there is no pending performance obligation.

(k) 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 contribution to the recognised provident fund of its employees in India, provident fund is deposited with Regional Provident Fund Commissioner. This is treated as defined contribution plan. .
Company's contribution to the provident fund is charged to Statement of Profit and Loss.

(iii) *Other long-term employee benefits (Compensated absences):*

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

(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.

(v) *Actuarial valuation:*

The liability in respect of all defined benefit plans and other long term benefits 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. 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 other long term benefits are recognized in the statement of Profit and Loss in the year in which they arise. 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 other equity 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)

(l) 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.

(m) Income tax

Income tax expense comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognised 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 recognized 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 (DTA) 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

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 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.

(n) 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.

(o) Foreign currency translation

(i) *Functional and presentation currency*

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

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.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income (OCI).

(p) 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, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares

(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

(q) 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 framework with respect to 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.

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.

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.

(r) 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 tax expense including deferred tax– Note 8
- Estimated impairment of financial assets and non-financial assets – Note 2(e) & (f)
- Assessment of useful life of property, plant and equipment and intangible asset – Note 2(c)
- Estimation of assets and obligations relating to employee benefits – Note 27
- Valuation of Inventories – Note 2(g)
- Recognition and measurement of contingency : Key assumption about the likelihood and magnitude of an outflow of resources – Note 33
- Lease classification – Note 34(b)
- Fair value measurement – Note 2(q)
- Revenue recognition on milestone basis – Note 2(j)

(s) Recent accounting pronouncements

Applicable standards issued but not yet effective

Ind AS 115, Revenue from contracts with customers

MCA vide its notification dated 28 March 2018, notified Ind AS 115, "Revenue from Contracts with Customers". Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The new revenue recognition standard is effective from 1 April 2018. The Company has completed its evaluation of the possible impact of Ind AS 115 and does not expect the impact of the adoption of the new standard to be material.

Appendix B, Foreign currency transactions and advance consideration to Ind AS 21, the effects of changes in foreign exchange rates

MCA vide its notification dated 28 March 2018, notified Appendix B, Foreign currency transactions and advance consideration to Ind AS 21. The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. Appendix B is effective from 1 April 2018. The Company is currently evaluating the impact of this amendment.

Note 3. Property, Plant & Equipment

(Rs in Lacs)

Description	Furniture & fixtures	Vehicles-leased	Office Equipment	Leasehold Improvements	Lab Equipment	Total	Capital work in progress (CWIP)
Gross carrying value as at 1 April 2016	139.51	-	398.20	222.32	2,698.20	3,458.23	13.02
Additions	14.82	47.91	73.59	20.80	435.44	592.56	693.03
Deductions/transfers	-	-	-	-	-	-	(544.65)
Gross carrying value as at 31 March 2017	**154.33**	**47.91**	**471.79**	**243.12**	**3,133.64**	**4,050.79**	**161.40**
Accumulated depreciation as at 1 April 2016	46.69	-	66.08	146.73	651.05	910.55	-
Depreciation charge for the year	27.65	7.59	59.28	1.28	567.48	663.28	-
Deductions	-	-	(2.94)	(0.82)	(3.00)	(6.76)	-
Accumulated depreciation as at 31 March 2017	**74.34**	**7.59**	**122.42**	**147.19**	**1,215.53**	**1,567.07**	**-**
Net Carrying Amount as on 31 March 2017	**79.99**	**40.32**	**349.37**	**95.93**	**1,918.11**	**2,483.72**	**161.40**

(Rs in Lacs)

Description	Furniture & fixtures	Vehicles-leased	Office Equipment	Leasehold Improvements	Lab Equipment	Total	Capital work in progress (CWIP)
Gross carrying value as at 1 April 2017	154.33	47.91	471.79	243.12	3,133.64	4,050.79	161.40
Additions	0.30	11.05	55.66	54.63	316.67	438.31	282.73
Deductions/transfers	-	(6.26)	-	-	-	(6.26)	(427.27)
Gross carrying value as at 31 March 2018	**154.63**	**52.70**	**527.45**	**297.75**	**3,450.31**	**4,482.84**	**16.86**
Accumulated depreciation as at 1 April 2017	74.34	7.59	122.42	147.19	1,215.53	1,567.07	-
Depreciation charge for the year	18.00	15.63	64.86	3.42	430.99	532.90	-
Deductions	-	(0.52)	-	-	-	(0.52)	-
Accumulated depreciation as on 31st March 2018	**92.34**	**22.70**	**187.28**	**150.61**	**1,646.52**	**2,099.45**	**-**
Net Carrying Amount as on 31 March 2018	**62.29**	**30.00**	**340.17**	**147.14**	**1,803.79**	**2,383.39**	**16.86**

Note 4. Other Intangible Assets (Rs in Lacs)

Description	Software	Total
Gross carrying value as at 1 April 2016	122.67	122.67
Gross carrying value as at 31 March 2017	**122.67**	**122.67**
Accumulated amortisation as at 1 April 2016	**39.37**	**39.37**
Amortisation for the year	27.07	27.07
Accumulated amortisation as at 31 March 2017	**66.44**	**66.44**
Net Carrying amount as at 31 March 2017	**56.23**	**56.23**

Description	Software	Total
Gross carrying value as at 1 April 2017	122.67	122.67
Additions	7.22	7.22
Gross carrying value as at 31 March 2018	**129.89**	**129.89**
Accumulated amortisation as at 1 April 2017	**66.44**	**66.44**
Amortisation for the year	14.82	14.82
Accumulated amortisation as at 31 March 2018	**81.26**	**81.26**
Net Carrying amount as at 31 March 2018	**48.63**	**48.63**

Note 5. Non-current Investments (Rs in Lacs)

	As at 31 March 2018	As at 31 March 2017
Investment in equity shares (at cost)		
Unquoted equity shares (fully paid up)		
Subsidiary Company		
Nil (31 March 2017: 3,485 equity shares with no par value)		
Jubilant Discovery Services Inc	-	1,846.01
Total non-current investments	**-**	**1,846.01**
Aggregate amount unquoted investment	**-**	**1,846.01**

During the year, the Company has transferred its investment in Jubilant Discovery Services Inc to Drug Discovery & Development Solutions Limited for Rs 1,839.73 Lacs

Note 6. Loans (Rs in Lacs)

	As at 31 March 2018		As at 31 March 2017	
	Current	Non- current	Current	Non- current
Unsecured, considered good				
Security deposits	-	229.20	-	227.80
Loan to employees	9.32	-	10.24	-
Total loans	**9.32**	**229.20**	**10.24**	**227.80**

Note 7 Other financial assets (Rs in Lacs)

	As at 31 March 2018		As at 31 March 2017	
	Current	Non- current	Current	Non- current
Unsecured, considered good				
Recoverable from related parties (refer note 32)	24.83	0.86	105.35	17.76
Unbilled revenue	64.23	-	-	-
Total other financial assets	**89.06**	**0.86**	**105.35**	**17.76**

Note 8: Income tax

Reconciliation between average effective tax rate and applicable tax rate for 31 March 2018 and 31 March 2017:

(Rs in Lacs)

	For the Year ended 31 March 2018	For the Year ended 31 March 2017
Accounting loss before income tax	**(2,593.49)**	**(507.86)**
At India's statutory income tax rate of 33.063% (31 March 2017: 33.063%)	(897.56)	(167.91)
- Effect of non-deductable expenses	427.54	33.98
- Impact of rate reduction in deferred tax *	695.26	-
- Effect of unrecognised deffered tax	(225.24)	133.93
Income tax rxpense reported in the statement of Profit and	-	-

* Adjustment consequent to change in tax rate from 30 percent to 25 percent effective 1 April 2018

The Company has unused tax losses and unabsorbed depreciation amounting to Rs 4,000.86 Lacs (31 March 2017: Rs 3,345.73 Lacs and Rs. 7,064.43 Lacs (31 March 2017: Rs 6,495 Lacs), respectively as at year end, available to reduce future income taxes. If not used the unused tax losses will expire in the tax years 2019 to 2026 and unabsorbed depreciation can be carried forward for an indefinate period.

Note 9: Other non-current assets

(Rs in Lacs)

	As at 31 March 2018	As at 31 March 2017
Unsecured, considered good		
Capital advances	0.30	5.14
Total other non-current assets	**0.30**	**5.14**

Note 10: Inventories

(Rs in Lacs)

	As at 31 March 2018	As at 31 March 2017
Stores and spares	8.82	12.09
Total inventories	**8.82**	**12.09**

Note 11. Trade receivables

(Rs in Lacs)

	As at 31 March 2018	As at 31 March 2017
Unsecured, considered good		
Receivables from related parties (refer note 32)	65.76	53.83
Other trade receivables	1,502.22	2,117.40
Less: Expected credit loss allowance (refer note 29 (i))	(63.56)	(4.56)
Total Trade receivables	**1,504.42**	**2,166.67**

Note 12. Cash and cash equivalents

(Rs in Lacs)

	As at 31 March 2018	As at 31 March 2017
Balances with banks		
- in current accounts	264.73	333.67
Cash on hand	0.05	0.08
Cheques/ draft on hand/Funds in Transit	254.03	0.49
Total cash and cash equivalents	**518.81**	**334.24**

Note 12(a). Disclosure on Specified Bank Notes

During the previous year, the Company did not have any Specified Bank Notes (SBNs), however the Company had other denomination notes as defined in the MCA notification, G.S.R.308(E), dated 31 March 2017. The details of SBN held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	**SBNs** (1)	**Other denomination Notes**	**Total**
Closing cash in hand as on 08 November 2016	-	5,643	5,643
(+) Permitted receipts	-	82,106	82,106
(-) Permitted payments	-	73,968	73,968
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30 December 2016	-	13,781	13,781

For the purpose of this clause, the term "Specified Bank Notes' has 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. The specified bank notes are no longer in existence. Hence, the Company has not provided the corresponding disclosures for current year as prescribed in Schedule III to the Companies Act, 2013.

Note 12(b) Other bank balance

(Rs in Lacs)

	As at 31 March 2018	**As at 31 March 2017**
Deposits accounts with maturity up to twelve months from the reporting date- held as Fixed Deposit	1.00	1.00
Total other bank balance	**1.00**	**1.00**

Note 13: Other current assets

(Rs in Lacs)

	As at 31 March 2018	**As at 31 March 2017**
Prepaid Expenses	136.38	132.12
Recoverable from/balance with Government Authorities	789.21	433.76
Advance to employee	6.10	12.99
Advance for supply of goods and services	6.38	4.43
Total other current assets	**938.07**	**583.30**

Note 14: Equity share capital

(Rs in Lacs)

	As at 31 March 2018	As at 31 March 2017
Authorized		
1,000,000 equity shares of Rs. 10 each		
(31 March 17: 1,000,000 no of shares)	100.00	100.00
187,000,000 12% optionally convertible non-cumulative redeemable		
preference shares of Rs 10 each	18,700.00	18,700.00
(31 March 17: 187,000,000 no of shares)		
	18,800.00	**18,800.00**
Issued, subscribed and paid up		
441,300 equity shares of Rs. 10 each		
(31 March 17: 441,300 no of shares)	44.13	44.13
	44.13	**44.13**

1.Rights, preferences and obligations attached to equity

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

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

2.Rights, preferences and obligations attached to preference shares:

2.1) Carry a preferential right vis-a- vis equity shares of the Company with respect to payment of dividend or repayment of capital and is non-participating in the surplus funds. Dividend shall be paid on a non-cumulative basis. Convertible into equity shares at the option of the Company within five years from the date of allotment

Redeemable if conversion option is not exercised at the end of five years from the date of allotment. Right to vote resolutions which directly affect the rights attached on any resolution for the winding up of the Company or for the repayment or reduction of its equity or preference share capital.

3.Movements in Equity share capital:

	As at 31 March 2018		As at 31 March 2017	
Particulars	**Number of shares**	**Rs. in Lacs**	**Number of shares**	**Rs. in Lacs**
At the commencement and at the end of the year	441,300	44.13	441,300	44.13

4.The Company had outstanding amount of Rs. 18,662 Lacs (including interest due thereon) towards loan repayable to Jubilant Life Sciences Limited (its ultimate holding company) as at 1 April 2016. During the Previous year (2016-17), the Company has converted this amount into 12% Optionally convertible non-cumulative redeemable preference shares (OCPS) of Rs 10. each. As per the terms, these shares are convertible at any time at the option of the Company in number of shares to be determined based on fair value on the date of conversion. If not converted, these will redeemed at the end of five year from the date of issuance. The dividend being non-cumulative and the conversion option being of liability nature (as convertible in variable number of shares), the Company has initially recorded the instrument at fair value which is determined using market interest rate on the date of conversion and the consequential difference is recorded as capital reserve.

5.Details of shareholders holding more than 5% shares in the Company

	As at 31 March 2018		As at 31 March 2017	
Particulars	**Number of shares**	**% holding**	**Number of shares**	**% holding**
Equity shares				
Jubilant Biosys (Singapore) Pte Ltd-The Holding Co.	295,600	66.98	295,600	66.98
Jubilant Enpro Pvt Ltd	78,000	17.68	78,000	17.68
Shyam S Bhartia	28,800	6.53	28,800	6.53
Hari S Bhartia	28,800	6.53	28,800	6.53

6. Shares held by holding company/ultimate holding company is set out below:

Particulars	As at 31 March 2018	As at 31 March 2017
	Number of shares	Number of shares
Jubilant Biosys (Singapore) Pte, Limited, the holding Company	295,600	295,600

7. Nature and purpose of other Equity

(i) Captial Reserve:

Accumulated capital surplus not available for distribution of dividend and expected to remain invested permanently. It includes share based payment transaction cost as charged by the holding company. Also refer note 14(4)

(ii) Securities Premium Reserve:

The unutilized accumulated excess of issue price over face value on issue of shares. This reserves is utilised in accordance with the the provisions of the act.

Note 15: Borrowings

(Rs in Lacs)

	As at 31 March 2018	As at 31 March 2017
Long term maturity of Finance lease obligations (secured)	22.36	31.49
Non-current borrowings	**22.36**	**31.49**

Nature of security of Non-current borrowings and other terms of repayment

Finance lease obligation are secured by hypothecation of specific assets taken under such lease. The same are repayable within five years from the inception.

Note 16. Other financial liabilities

(Rs in Lacs)

	As at 31 March 2018	As at 31 March 2017
Non-current		
Stock settled debt instrument*	12,402.68	11,173.59
Total non-current financial liabilities	**12,402.68**	**11,173.59**
Current		
Current maturities of finance lease obligations	13.89	11.60
Capital creditors	20.76	134.94
Employee payable	308.60	170.81
Total other current financial liabilities	**343.25**	**317.35**

* Refer note 14 (4)

Note 17 Trade payables

(Rs in Lacs)

	As at 31 March 2018	As at 31 March 2017
Trade payables (note 36)	573.03	403.51
Trade payables to related parties (note 32)	47.21	635.48
Total trade payables	**620.24**	**1,038.99**

Note 18: Other current liabilities

(Rs in Lacs)

	As at 31 March 2018	As at 31 March 2017
Trade deposits and advances	-	0.50
Income received in advance/unearned revenue	18.45	437.85
Statutory dues payables	87.51	87.81
Total other current liabilities	**105.96**	**526.16**

Note 19: Provisions

(Rs in Lacs)

	As at 31 March 2018		As at 31 March 2017	
	Current	**Non- current**	**Current**	**Non- current**
Provision for employee benefits (refer note 27)	116.83	444.92	92.40	392.34
Total provisions	**116.83**	**444.92**	**92.40**	**392.34**

Note 20: Revenue from operations

(Rs in Lacs)

Particulars	**For the Year ended 31 March 2018**	**For the Year ended 31 March 2017**
Sale of services	8,425.34	8,840.71
Other operating revenue *	5.78	3.65
Total revenue from operations	**8,431.12**	**8,844.36**

* Other operating revenues is in the nature of scrap sales and some other miscellaneous receipts.

Note 21: Other income

(Rs in Lacs)

Particulars	**For the Year ended 31 March 2018**	**For the Year ended 31 March 2017**
Interest Income	13.53	27.30
Miscellaneous provisions written back	0.04	11.96
Other non-operating income	2.32	1.00
Total other income	**15.89**	**40.26**

Note 22: Employee benefit expense

(Rs in Lacs)

Particulars	**For the Year ended 31 March 2018**	**For the Year ended 31 March 2017**
Salaries, wages, bonus, and allowances	2,783.83	2,656.07
Contribution to provident fund and other funds	152.95	141.45
Staff welfare expenses	155.94	137.20
Total employee benefit expense	**3,092.72**	**2,934.72**

Note 23: Finance costs

(Rs in Lacs)

Particulars	**For the Year ended 31 March 2018**	**For the Year ended 31 March 2017**
Interest expense *	1,241.48	102.79
Total Finance cost	**1,241.48**	**102.79**

* Includes Rs.1,229.09 (31 March 2017 : Rs 98.59) Lacs on account of optionally convertible non-cumulative 12% preference shares, Refer note 14(4).

Note 24: Depreciation and amortisation expense

(Rs in Lacs)

Particulars	For the Year ended 31 March 2018	For the Year ended 31 March 2017
Depreciation of property, plant and equipment	532.90	663.28
Amortisation of intangible assets	14.82	27.07
Total depreciation and amortisation expense	**547.72**	**690.35**

Note 25: Other expenses

(Rs in Lacs)

Particulars	For the Year ended 31 March 2018	For the Year ended 31 March 2017
Lab chemical and synthesis of compounds consumed	2,154.68	1,840.67
Processing charges	1,319.63	1,157.41
Rental charges	320.94	280.98
Rates and taxes	237.89	417.95
Insurance	16.50	20.40
Advertisement, publicity and sales promotion	33.84	29.27
Travel and conveyance	159.65	102.86
Repairs and maintenance		
i. Plant and machinery	276.18	275.55
ii Buildings	6.63	10.13
iii Others	100.95	95.82
Office expenses	346.20	321.35
Vehicle running and maintenance	10.90	4.10
Printing and stationery	11.17	12.19
Telephone and communication charges	27.24	26.70
Staff recruitment and training	22.41	37.95
Payments to auditors (refer note 26 below)	4.02	5.68
Legal and professional fees	935.08	899.77
Freight and forwarding (including ocean freight)	80.53	91.64
Subscription	4.79	7.27
Discounts and claims to customers and other selling expenses	2.16	-
Loss on sale of investment/fixed assets	6.28	0.18
Miscellaneous expenses(includes bad debts written off)	74.04	8.33
Foreign Exchange Loss / (gain)	6.87	18.42
Total other expenses	**6,158.58**	**5,664.62**

Note 26: Details of payments to auditors (excluding applicable taxes and including out of pocket expenses)

(Rs in Lacs)

Particulars	For the Year ended 31 March 2018	For the Year ended 31 March 2017
As auditor:		
Audit fee	4.02	4.02
In other capacities:		
Certification fees	-	1.66
Total payments to auditors	**4.02**	**5.68**

Note 27 Employee Benefits in respect of the Company have been calculated as under:

(a) Defined Contribution Plans

The Company contributes to the following defined contribution plan

(i) Provident Fund*

During the year the Company has contributed following amount to:

(Rs in Lacs)

Particulars	**For the year ended 31 March 2018**	**For the year ended 31 March 2017**
Employers contribution to provident fund	98.16	91.50
Employers contribution to employee's pension scheme 1995	42.01	37.09

*The Company contributes share of provident fund liability and deposit it with PF Commissioner.

(ii) State Plans

During the year the Company has contributed following amount to:

(Rs in Lacs)

Particulars	**For the year ended 31 March 2018**	**For the year ended 31 March 2017**
Employers contribution to employee state insurance	3.03	0.65

(b) Defined Benefit Plans

(i) Gratuity

As per Ind AS-19, 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 7.70% p.a. (31 March 2017: 7.50%) 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 2017: 58 years) and mortality table is as per IALM (2006-08) (31 March 2017: 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 2017: 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:

(Rs in Lacs)

Particulars	**31 March 2018**	**31 March 2017**
Present value of obligation at the beginning of the year	279.42	219.25
Current service cost	50.08	45.87
Interest cost	20.96	17.32
Actuarial loss	5.84	16.36
Benefits paid	(20.47)	(19.38)
Present value of obligation at the end of the year	**335.83**	**279.42**

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

(Rs in Lacs)

Particulars	31 March 2018	31 March 2017
Present value of obligation at the end of the year	335.83	279.42
Fair value of plan assets at the end of the year	-	-
Net liabilities recognised in the Balance Sheet	335.83	279.42

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

(Rs in Lacs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Current service cost	50.08	45.87
Interest cost	20.96	17.32
Expense recognised in the statement of profit and loss	71.04	63.19

Amount recognised in the statement of other comprehensive income:

(Rs in Lacs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Actuarial loss	5.84	16.36
Amount recognised in other comprehensive income	5.84	16.36

Company's best estimate of contribution during next year is Rs 73.99 Lacs (31 March 2017: Rs 67.39 Lacs)

Sensitivity analysis

Discount rate (Rs in Lacs)

Particulars	31 March 2018		31 March 2017	
Sensitivity level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit	(5.86)	6.08	(5.15)	5.35

Future salary increase

Particulars	31 March 2018		31 March 2018	
Sensitivity level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit	6.12	(5.95)	5.38	(5.22)

The Sensitivity analysis above has been determined based on reasonable possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on the change in the key assumption while holding all other assumption constant.

(c) Other Long Term Benefits

(Rs in Lacs)

Particulars	As at 31 March 2018	As at 31 March 2017
Present Value at the end of the year	225.92	205.32

Note 28 Fair value measurements

(Rs. in Lacs)

	Note	Level of hierarchy	31 March 2018 FVPL	31 March 2018 FVOCI	31 March 2018 Amortised cost	31 March 2017 FVPL	31 March 2017 FVOCI	31 March 2017 Amortised cost
Financial assets								
Loans	(a,b)		-	-	238.52	-	-	238.04
Other financial assets	(a,b)		-	-	89.92	-	-	123.11
Trade receivables	(a)		-	-	1,504.42	-	-	2,166.67
Cash and cash equivalents	(a)		-	-	518.81	-	-	334.24
Other bank balance	(a)		-	-	1.00	-	-	1.00
Total financial assets			**-**	**-**	**2,352.67**	**-**	**-**	**2,863.06**
Financial liabilities								
Borrowings	(b)	3	-	-	22.36	-	-	31.49
Other financial liabilities	(a, b)	3	-	-	12,745.93	-	-	11,490.94
Trade payables	(a)		-	-	620.24	-	-	1,038.99
Total financial liabilities			**-**	**-**	**13,388.53**	**-**	**-**	**12,561.42**

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 and non-current financial liabilities have not been disclosed as there is no significant difference between carrying value and fair value

c. There are no transfer between Level 1, level 2 and level 3 during the year ended 31 March 2018 and 31 March 2017.

Note 29 Financial risk management

(a) Financial risk management

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's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through three layers of defense namely policies and procedures, review mechanism and assurance aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company has exposure to the following risks arising from financial instruments:

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

(i) 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 and from its financing activities, including deposit with banks, investments, foreign exchange transactions and other financial instruments.

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

Trade receivables and other financial assets

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard 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.

The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of three months for external customers.

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

Expected credit loss for trade receivables:

The Company based on 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 Rs 12.10 Lacs (31 March 2017: Rs. Nil)

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

(Rs in Lacs)

	31 March 2018	31 March 2017
Balance at the beginning of the year	4.56	4.83
Add: Provided during the year (net of reversal)	59.00	(0.27)
Balance at the end of the year	**63.56**	**4.56**

Expected credit loss on financial assets other than trade receivables:

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

(ii) 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 management is responsible for managing the short term and long term liquidity requirements. Short term liquidity situation is reviewed daily by management. 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.

(Rs in Lacs)

		Contractual Cash flows		
31 March 2018	**Carrying Amount**	**Total**	**Within 1 year**	**More than 1 year**
Non-derivative financial liabilities				
Borrowings	22.36	22.36	-	22.36
Trade payables	620.24	620.24	620.24	-
Other financial liabilities	343.25	343.25	343.25	-
Other non-current financial liability	12,402.68	12,402.68	-	12,402.68

(Rs in Lacs)

		Contractual Cash flows		
31 March 2017	**Carrying Amount**	**Total**	**Within 1 year**	**More than 1 year**
Non-derivative financial liabilities				
Borrowings	31.49	31.49	-	31.49
Trade payables	1,038.99	1,038.99	1,038.99	-
Other financial liabilities	317.35	317.35	317.35	-
Other non-current financial liability	11,173.59	11,173.59	-	11,173.59

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 currencies of Company companies. The currency in which the Company is exposed to risk are USD, Euro, CAD, GBP & others.

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.

(Rs. in Lacs)

	31 March 2018				31 March 2017			
	USD	**EUR**	**GBP**	**Others**	**USD**	**EUR**	**GBP**	**Others**
Trade receivables	1,377.25	-	-	11.25	2,035.14	-	-	-
Cash and cash equivalents	258.67	-	-	-	228.70	-	-	-
Trade payables	177.81	2.21	6.77	16.62	208.15	2.91	4.20	-
Net statement of financial position exposure	**1,458.11**	**(2.21)**	**(6.77)**	**(5.26)**	**2,055.69**	**(2.91)**	**(4.20)**	**-**

Sensitivity analysis

A reasonably possible strengthening (weakening) of the euro, US dollar or GBP 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.

(Rs in Lacs)

	Profit or loss (before tax)	
	Strengthening	**Weakening**
31 March 2018		
EUR (1% movement)	(0.02)	0.02
USD (1% movement)	14.58	(14.58)
GBP (1% movement)	(0.07)	0.07
Other(1% movement)	(0.05)	0.05
31 March 2017		
EUR (1% movement)	(0.03)	0.03
USD (1% movement)	20.55	(20.55)
GBP (1% movement)	(0.04)	0.04
Other (1% movement)	-	-

Note 30 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 (excluding finance lease) net of cash and cash equivalents) divided by total 'equity' (as shown in the balance sheet).

The Company is having nil borrowing as on 31 March 2018 (31 March 2017: Rs Nil)

Note 31 Segment information

An operating segment is a component that engaged is business activities of which it may earns revenues and incurs expenses, including revenue and expenses that relate to transaction with any of the other components, as far which discrete financial information is available. This Company considered one business segment i.e. Drug Discovery services as the primary reporting segment on the basis that the risk and returns of the Company primarily determined by the nature of services. Chief operating decision make of the Company is board, which reviewed the periodic result of the Company

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

Note 32 Related Party Disclosures

Related parties where control exists

(a) Holding Company

Jubilant Biosys (Singapore) Pte Ltd

(b) Ultimate Holding Company

Jubilant Life Science Limited

(c) Subsidiary Company:

Jubilant Discovery Services Inc. (Upto 21st November 2017)

(d) Fellow subsidiaries

Jubilant Chemsys Limited, Vanthys Phramaceutical Development Pvt. Ltd., Jubilant Drug Discovery & Development Services Inc (JDDDS Inc) Canada, Jubilant Clinsys Limited, Jubilant Clinsys Inc., Jubilant Innovation India Limited, Jubilant HollisterStier LLC, Jubilant DraxImage Inc, Canada, Jubilant Generics Limited

(e) Key Management Personnel (KMP):

Sriram Rajagopal – Whole-time Director
Benny Thomas – Chief Financial Officer

31 March 2018 (Rs in Lacs)

Sr. No	Particulars	Holding / Subsidiary / Ultimate Holding / fellow subsidiaries	Key management personnel	Total
Description of Transactions:				
1.	Sale of Services:			
	Jubilant Discovery Services Inc.	23.22	-	23.22
	Jubilant Generics Limited	11.44	-	11.44
	JDDDS Inc Canada	11.37	-	11.37
2.	Purchase of Services			
	Jubilant Chemsys Limited	1,144.23	-	1,144.23
	Jubilant Discovery Services Inc.	184.33	-	184.33
3.	Expenses recharged for facilities provided			
	Jubillant Chemsys Limited	115.82		115.82
	Jubilant Clinsys Ltd	5.25		5.25
	Jubilant Innovation India Limited	0.09		0.09
	Jubilant Discovery Services Inc.	80.75		80.75
	Jubilant Drug Discovery & Development Services	0.42		0.43
	Vanthys Phramaceutical Development Pvt. Ltd	6.06		6.06
4.	Expenses recharged for Cost Sharing			
	Jubilant Life Science Limited	332.87		332.87
5.	Purchase of Business Development Services			
	Jubilant Discovery Services Inc.	425.96		425.96
6.	Expenses Charges by Fellow Subsidiaries			
	Jubilant Chemsys Limited	4.81		4.81
7.	Remuneration and related Expenses:			
	Dr. Sriram Rajagopal		98.28	98.28
	Mr. Benny Thomas		44.06	44.06
8.	Investment sold:			
	Drug Discovery & Development Solutions Limited	1,839.73		1,839.73
	Amount Outstanding:			
9.	Trade and other payables:			
	Jubilant Discovery Services Inc	35.84		35.84
	Jubilant Chemsys Limited	11.37		11.37
10.	Trade Receivables:			
	Jubilant Discovery Services Inc	16.35		16.35
	Jubilant Clinsys Inc	20.65		20.65
	Jubilant Generics Limited	17.51		17.51
	JDDDS Inc Canada	11.25		11.25
11.	Other Recoverable:			
	Jubilant Life Science Limited	0.86		0.86
	Jubilant Discovery Services Inc	15.43		15.43
	Jubilant Chemsys Limited	8.97		8.97
	JDDDS Inc Canada	0.43		0.43

(Rs in Lacs)

31 March 2017

Sr. No	Particulars	Holding / Subsidiary / Ultimate Holding / fellow subsidiaries	Key management personnel	Total
Description of Transactions:				
1.	Sale of Services:			
	Clinsys USA Inc.	6.65	-	6.65
	Jubilant Discovery Services Inc.	67.90	-	67.90
	Jubilant Generics Limited	9.42	-	9.42
2.	Purchase of Services			
	Jubilant Chemsys Limited	809.81	-	809.81
	Jubilant Discovery Services Inc.	424.33	-	424.33
3.	Investment made:			
	Jubilant Discovery Services Inc.	677.26	-	677.26
4.	Expenses recharged for facilities provided			
	Jubilant Life Science Limited	0.24		0.24
	Jubillant Chemsys Limited	129.77		129.77
	Jubilant Clinsys Ltd	4.08		4.08
	Jubilant Innovation India Limited	0.08		0.08
	Jubilant Discovery Services Inc.	112.02		112.02
	Jubilant Drug Discovery & Development Services	45.39		45.39
	Vanthys Phramaceutical Development Pvt. Ltd	5.84		5.84
5.	Expenses recharged for Cost Sharing			
	Jubilant Life Science Limited	243.80		243.80
6.	Purchase of Business Development Services			
	Jubilant Discovery Services Inc.	462.91		462.91
7.	Expenses Charges by Fellow Subsidiaries			
	Jubilant Chemsys Limited	4.15		4.15
8.	Remuneration and related Expenses:			
	Dr. Sriram Rajagopal		3.70	3.70
	Mr. Benny Thomas		1.31	1.31
	Amount Outstanding:			
9.	Trade payables:			
	Jubilant Life Science Limited	55.69		55.69
	Jubilant Discovery Services Inc	213.93		213.93
	Jubilant Chemsys Limited	365.86		365.86
	Jubilant HollisterSteir LLC	0.00		0.00
10.	Trade Receivables:			
	Jubilant Discovery Services Inc	26.25		26.25
	Jubilant Clinsys Inc	20.55		20.55
	Jubilant Generics Limited	7.03		7.03
11.	Other Recoverable:			
	Jubilant Life Science Limited	0.86		0.86
	Jubilant Discovery Services Inc	44.62		44.62
	Jubilant Chemsys Limited	9.15		9.15
	JDDDS Inc Canada	45.39		45.39
	Jubilant DraxImage Inc. Canada	17.15		17.15
	Jubilant Innovation India	0.09		0.09
	Vanthys Phramaceutical Development Pvt. Ltd	5.84		5.84

During the year ended 31 March 2017, the Company has converted the ICD and accrued interest into 12% optionally convertible non-cumulative redeemable preference shares. Refer note 14(4)

Note 33 Contingent liabilities and contingent assets

Contingent liabilities to the extent not provided for:

(a) Claims against Company, disputed by the Company, not acknowledged as debt:

The Company had entered into a lease agreement in September 2008 with AB Mallikarjuna (Landlord) for expanding its operation. Before occupying the property, certain legal lapses were identified and communicated to the landlord for corrective actions. However, no action had been taken by the landlord in due time hence the Company communicated its unwillingness to take the possession of the building and requested to refund the advance of Rs. 62 Lacs. As per clause 5 of the lease agreement the landlord's claimed lock in period rental for 36 months for Rs.423.90Lacs, the Company contested against the same. Hence, under Section 34 of the Arbitration and Conciliation Act, 1996 the landlord decided for arbitration award. The arbitrator concluded the award in July 2011 demanding Rs.158.95 Lacs. The Company filed a cross objection in the Civil Court ,Bangalore in 2011 on the grounds of commercial occupancy certificate not provided by the landlord and the benefit received by the landlord during the impugned lock-in period as the premises had been occupied by another tenant during the period. The legal proceedings are in progress and management is of the view that the order will be given in favor of the Company.

(b) Other contingent liabilities as at 31 March 2018:

- Service tax recoverable includes Rs 38.07 Lacs (Previous Year nil) being amount of refund claims rejected by the authorities against which the Company has preferred review application.
- Claims Against the Company by income tax department, disputed by the Company, not acknowledged as debt.

(Rs in Lacs)

Amount involved	Amounts paid under protest	Period to which the amount relates
6.25	6.25	Financial year 2006-07 & 2007-08
880	150	Financial year 2010-11
4,966	-	Financial year 2012-13
4,507	-	Financial year 2013-14

Note 34 Commitments as at year end

(a) Capital Commitments:

Estimated amount of contracts remaining to be executed on capital account (Net of advances) is Rs. 4.88 Lacs (31 March 2017: Rs 13.93 Lacs).

(b) Leases:

(i) The Company's significant operating lease arrangements are in respect of premises. These leasing arrangements, which are cancellable, range between 11 months and 10 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 Rs 320.94 Lacs. (31 March 2017: Rs 280.98 Lacs).

(ii) Assets acquired under finance lease:

Future minimum lease payments and their present values under finance leases in respect of vehicles are as follows:

(Rs in Lacs)

Particular	Minimum lease payments as at		Present value of minimum lease payments as at		Future interest as at	
	31 March 2018	**31 March 2017**	**31 March 2018**	**31 March 2017**	**31 March 2018**	**31 March 2017**
Not later than one year	22.61	19.41	13.89	11.60	8.72	7.81
Later than one year but not later than five years	28.47	40.72	22.36	31.49	6.11	9.23
Later 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.

Note 35 Earnings per share

		For the year ended 31 March 2018	For the year ended 31 March 2017
Loss for basic and diluted earnings per share of Rs10 each	Rs in Lacs	(2,593.49)	(507.86)
Weighted average number of equity shares used in computing earnings per share*			
For basic loss per share	**Nos.**	**441,300**	**441,300**
For diluted loss per share*	**Nos.**	**441,300**	**441,300**
Loss per share (face value of Rs 10 each)			
Basic	Rs.	(587.69)	(115.08)
Diluted	Rs.	(587.69)	(115.08)

*Any consequential share on conversion is considered as anti-dilutive.

Note 36 Micro, small and medium enterprises

There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at the end of year. 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 Company.

(Rs in Lacs)

Particulars	As at 31 March 2018	As at 31 March 2017
The principal amount remaining unpaid to any supplier as at the end of the year	12.40	10.41
The interest due on principal amount remaining unpaid to any supplier as at the end of the year	-	-
The amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-
The amount of interest accrued and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under the MSMED Act	-	-

The accompanying notes form an integral part of the Financial Statements

As per report of even date attached

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

Pravin Tulsyan
Partner
Membership No: 108044

Place : Noida
Date : 7 May 2018

For and on Behalf of the Board of Directors of
Jubilant Biosys Limited

R. Sankaraiah
Director
DIN:00025022

Sanjay Das
Director
DIN:03459334

Irfan Ali
Company Secretary

Benny Thomas
Chief Financial Officer