

INDEPENDENT AUDITOR'S REPORT

To the Members of Jubilant DraxImage Limited

Report on the Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Jubilant DraxImage 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.

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 Ind AS 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 profit (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) The going concern matter described under the Material Uncertainty Related to Going Concern paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- f) 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.
- g) 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".
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - 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.

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

Place: Noida
Date: 8 May 2018

Pravin Tulsyan
Partner
Membership No.: 108044

Annexure A to the Independent Auditor's Report to the Members of Jubilant DraxImage 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 at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. As informed to us, the discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.
- (iv) According to the information and explanations given to us, the Company has not given any loans, or made any investments, or provided any guarantee, or security as specified under section 185 and 186 of the Companies Act, 2013. Accordingly, 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 as mentioned in the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act 2013, and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013 for any of the activities carried out by the Company. Accordingly, paragraph 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, duty of customs, value added tax, service tax, cess and other statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of excise.

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 custom, 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, there are no disputed dues of income-tax, sales tax, service tax, duty of custom and value added tax which have not been deposited with the appropriate authorities.
- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to its banker or to any financial institution. The Company did not have any loans or borrowings from government or dues to debenture holders during the year.
- (ix) Based on our examination of books of account and according to the information and explanations given to us, no term loan was taken by the company and 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 not paid/provided for any managerial remuneration during the year as mentioned under section 197 read with Schedule V of the Companies Act, 2013. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.
- (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 Ind AS 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

Place: Noida

Date: 8 May 2018

Pravin Tulsyan

Partner

Membership No.: 108044

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

Place: Noida

Date: 8 May 2018

Pravin Tulsyan

Partner

Membership No.: 108044

Jubilant DraxImage Limited
Ind AS financial statements
March 2018

Jubilant DraxImage Limited
Balance Sheet as at 31 March 2018

(INR in thousands)

	Notes	As at 31 March 2018	As at 31 March 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	273	498
Other intangible assets	4	-	-
Financial assets			
i. Loans	5(b)	29	82
ii. Other financial assets	5(c)	159	159
Deferred tax assets (net)	7	-	600
Total non-current assets		461	1,339
Current assets			
Inventories	8	8,552	-
Financial assets			
i. Trade receivables	5(a)	12,986	21,302
ii. Cash and cash equivalents	5(d)	2,914	3,198
iii. Other bank balances	5(e)	1,545	2,401
iv. Other financial assets	5(c)	269	245
Other current assets	9	3,187	3,809
Total current assets		29,453	30,955
Total assets		29,914	32,294
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10(a)	781	781
Other equity		(24,579)	(26,462)
Total equity		(23,798)	(25,681)
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Borrowings	11(a)	-	97
Provisions	13	963	1,745
Total non-current liabilities		963	1,842
Current liabilities			
Financial liabilities			
i. Trade payables	11(b)	47,576	51,264
ii. Other financial liabilities	11(c)	2,456	1,050
Other current liabilities	12	2,182	3,177
Provisions	13	142	142
Current tax liabilities (net)		393	500
Total current liabilities		52,749	56,133
Total liabilities		53,712	57,975
Total equity and liabilities		29,914	32,294

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

ICAI Firm registration number : 101248W/W100022

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

Pravin Tulsyan

Partner

Membership No: 108044

Arun Kumar Sharma

Chairman

DIN:06991435

Pramod Yadav

Director

DIN:05264757

Place : Noida

Date : 8 May 2018

Jubilant DraxImage Limited
Statement of Profit and Loss for the year ended 31 March 2018

(INR in thousands)

	Notes	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue from operations	14	1,01,154	1,12,831
Other income	15	172	136
Total income		1,01,326	1,12,967
Expenses			
Purchases of stock-in-trade		77,523	78,788
Changes in inventories of traded goods	16	(8,552)	1,417
Employee benefits expense	17	13,193	13,340
Finance costs	18	34	64
Depreciation expense	19	225	222
Other expenses	20	16,107	15,469
Total expenses		98,530	1,09,300
Profit before tax		2,796	3,667
Tax expense	6		
- Current tax		1,061	482
- MAT credit entitlement		-	(482)
Total tax expense		1,061	-
Profit for the year		1,735	3,667
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit obligations		148	(429)
Other comprehensive income for the year, net of tax		148	(429)
Total comprehensive income for the year		1,883	3,238
Earnings per equity share of INR 10 each			
Basic (INR)	27	0.02	0.04
Diluted (INR)		0.02	0.04

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

ICAI Firm registration number : 101248W/W100022

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

Pravin Tulsyan

Partner

Membership No: 108044

Arun Kumar Sharma

Chairman

DIN:06991435

Pramod Yadav

Director

DIN:05264757

Place : Noida

Date : 8 May 2018

Jubilant DraxImage Limited
Statement of Changes in Equity for the year ended 31 March 2018

(a) Equity Share Capital (INR in thousands)

Balance as at 1 April 2016	781
Changes in equity share capital during the year	-
Balance as at 31 March 2017	781
Changes in equity share capital during the year	-
Balance as at 31 March 2018	781

(b) Other Equity (INR in thousands)

	Reserve and surplus			Total
	Capital Reserve	Securities premium reserve	Retained earnings	
Balance as at 1 April 2016	130	10,966	(40,796)	(29,700)
Profit for the year	-	-	3,667	3,667
Remeasurement of defined benefit liability/(asset), net of tax	-	-	(429)	(429)
Balance as at 31 March 2017	130	10,966	(37,558)	(26,462)
Balance as at 1 April 2017	130	10,966	(37,558)	(26,462)
Profit for the year	-	-	1,735	1,735
Remeasurement of defined benefit liability/(asset), net of tax	-	-	148	148
Balance as at 31 March 2018	130	10,966	(35,675)	(24,579)

Refer note 10(b) for nature and purpose of equity.

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

ICAI Firm registration number : 101248W/W100022

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

Pravin Tulsyan

Partner

Membership No: 108044

Arun Kumar Sharma

Chairman

DIN:06991435

Pramod Yadav

Director

DIN:05264757

Place : Noida

Date : 8 May 2018

Jubilant DraxImage Limited
Statement of Cash Flows for the year ended 31 March 2018

	(INR in thousands)	
	For the year ended 31 March 2018	For the year ended 31 March 2017
A. Cash flow from operating activities		
Net Profit before tax	2,796	3,667
Adjustments :		
Depreciation and amortisation expense	225	222
Finance costs	34	64
Bad debts written off	255	-
Unrealized foreign exchange (gain) / loss	1,099	(1,576)
Interest income	(172)	(136)
	4,237	2,241
Operating cash flow before working capital changes		
(Decrease)/increase in trade receivables, other financial assets and other assets	8,736	(11,909)
(Increase)/decrease in inventories	(8,552)	1,417
(Decrease)/increase in trade payables, provisions and other liabilities	(4,968)	4,410
Cash used in operations	(547)	(3,841)
Income tax paid (net of refund)	(568)	(89)
Net cash used in operating activities	(1,115)	(3,930)
B. Cash flow from investing activities		
Purchase of Property, Plant & Equipment	-	(93)
Movement in other bank balances	856	390
Interest received	148	183
Net cash generated from investing activities	1,004	480
C. Cash flow from financing activities		
Repayment of long term borrowings	(139)	(117)
Finance costs paid	(34)	(64)
Net cash used in financing activities	(173)	(181)
Net decrease in cash and cash equivalents (A+B+C)	(284)	(3,631)
Add: cash and cash equivalents at the beginning of year	3,198	6,829
Cash and cash equivalents at the end of the year (Refer note 5(d))	2,914	3,198

Note : Statement of cash flows has been prepared under the indirect method as set out in the Ind AS -7 - "Statement of Cash Flow"

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

ICAI Firm registration number : 101248W/W100022

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

Pravin Tulsyan

Partner

Membership No: 108044

Arun Kumar Sharma

Chairman

DIN:06991435

Pramod Yadav

Director

DIN:05264757

Place : Noida

Date : 8 May 2018

Note 1: Corporate Information

Jubilant DraxImage Limited ("the Company") is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 1956, a wholly owned subsidiary of Jubilant Pharma Limited, Singapore, which is a subsidiary of Jubilant Life Sciences Limited, a company incorporated in India.

Upto Jan 2017, it was a wholly owned subsidiary of DraxImage Limited, a company incorporated in Cyprus which is a subsidiary of Jubilant Life Sciences Limited, a company incorporated in India through Jubilant Pharma Limited, Singapore.

The Company imports and sales radiopharmaceuticals products.

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 above amendment to the Standard does not have any significant impact on the financial position or performance of the Company.

The Company has not early adopted any Standards or amendments that has been issued but is not yet effective.

(a) Basis of preparation

(i) Statement of compliance

These Ind AS Financial Statements ("financial statements") have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, ("the Act") and other relevant provisions of the Act. All the amounts included in the financial statements are reported in millions of Indian Rupees ('Rupees' or 'Rs') and are rounded to the nearest million, except per share data and unless stated otherwise.

The financial statements are authorized for issue by the Company's Board of Directors on 8 May 2018.

(ii) Historical cost convention

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

(b) Going concern

The Company was incorporated in the year 2009 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:

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

The Company classifies all other assets as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

(d) 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.

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 are measured initially at cost, which includes capitalized finance costs. After initial recognition, an intangible asset is carried at its cost less accumulated amortisation and any accumulated impairment loss.

Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates. Expenditure for acquisition and implementation of software systems is recognised as part of the intangible assets.

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

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

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

Category of assets	Management estimate of useful life	Useful life as per Schedule II
Motor Vehicles under finance lease	Tenure of lease or 5 years whichever is shorter	8 years
Computer servers and networks	5 years	6 years

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

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

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

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

(iv) Derecognition

A property, plant and equipment and intangible assets is derecognised on disposal or when no future economic benefits are expected from its use and disposal. Losses arising from retirement and gains or losses arising from disposal of a tangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss.

(e) Inventories

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

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

Finished goods (traded)	Weighted average method
Goods in transit	Cost of purchase

Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition inclusive of excise duty wherever applicable. Excise duty liability is included in the valuation of closing inventory of finished goods.

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 comparison of cost and net realisable value is made on an item-by-item basis.

(f) Cash and cash equivalents

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

(g) 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.

(h) Revenue recognition

Revenue from sale of goods is recognized when the property in the goods, or all significant risks and rewards of ownership of the product have been transferred to the buyer, and no significant uncertainty exists regarding the amount of the

consideration that will be derived from the sale of products as well as regarding its collections, Revenue include excise duty and are shown net of GST, till 30 June 2017 (Goods & service tax (GST) applicable w.e.f. 1 July 2017) value added tax, and applicable discount and allowances if any.

Revenue includes only those sales for which the Company has acted as a principal in the transaction, takes title to the products, and has the risks and rewards of ownership, including the risk of loss for collection, delivery and returns. Any sales for which the company has acted as an agent or broker without assuming the risks and rewards of ownership have been reported on a net basis.

Export incentive entitlements are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds, These are presented as other operating income in the Statement of Profit and Loss.

(i) 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

(i) The Company makes provident fund contribution of its employees with Regional Provident Fund Commissioner. This is treated as defined contribution plan.

(ii) Company's contribution to the provident fund is charged to Statement of Profit and Loss.

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

Compensated absences

As per the Company's policy, eligible leaves can be accumulated by the employees and carried forward to future periods to either be utilised during the service, or encashed. Encashment can be made during service, on early retirement, on withdrawal of scheme, at resignation and upon death of the employee. Accumulated compensated absences are treated as other long-term employee benefits. The Company's liability in respect of other long-term employee benefits is recognised in the books of account based on actuarial valuation using projected unit credit method as at Balance Sheet date by an independent actuary. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

(iv) Termination benefits:

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

Actuarial valuation

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

Remeasurement gains and losses in respect of all defined benefit plans arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Any differential between the plan assets (for a funded defined benefit plan) and the defined benefit obligation as per actuarial valuation is recognised as a liability if it is a deficit or as an asset if it is a surplus (to the extent of the lower of present value of any economic benefits available in the form of refunds from the plan or reduction in future contribution to the plan).

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

(j) Income tax

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

• **Current tax:**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received after considering that reflects 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 realize the asset and settle the liability on a net basis or simultaneously.

• **Deferred tax:**

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

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;

- temporary differences related to investments in subsidiaries, associates and joint arrangements 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

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 be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at 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 rely on the asset and settle the liability on a net basis or simultaneously.

(k) Leases

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

Finance leases

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

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or 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

(l) 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.

(ii) Transactions and balances

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

(m) 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

(n) 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).

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.

(o) Critical estimates and judgments

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

- Assessment of useful life of property, plant and equipment and intangible asset –Note 2(d)
- Estimation of assets and obligations relating to employee benefits- Note 2(i)
- Lease classification- Note 2 (k)
- Fair value measurement- Note 2(n)
- Recognition and estimate of tax expense including deferred tax- Note 2 (j)
- Estimated impairment of financials assets and non- financial assets
- Valuation of inventories – Note 2 (e)

(q) 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 and equipment

(INR in thousands)

Description	Furniture and fixtures	Vehicles leased	Total
Gross carrying amount Balance as at 1 April 2017	442	397	839
Additions	-	-	-
Gross carrying value as at 31 March 2018	442	397	839
Accumulated depreciation as at 1 April 2017	160	181	341
Depreciation charge for the year	93	132	225
Accumulated depreciation as at 31 March 2018	253	313	566
Net Carrying amount as at 31 March 2018	189	84	273

(INR in thousands)

Description	Furniture and fixtures	Vehicles leased	Total
Gross carrying amount as at 1 April 2016	348	397	745
Additions	94	-	94
Gross carrying value as at 31 March 2017	442	397	839
Accumulated depreciation as at 1 April 2016	70	49	119
Depreciation charge for the year	90	132	222
Accumulated depreciation as at 31 March 2017	160	181	341
Net Carrying amount as at 31 March 2017	282	216	498

Note 4: Other intangible assets

(INR in thousands)

Description	Software	Total
Gross carrying value as at 1 April 2017	2	2
Gross carrying value as at 31 March 2018	2	2
Accumulated amortisation as at 1 April 2017	2	2
Accumulated amortisation as at 31 March 2018	2	2
Net Carrying amount as at 31 March 2018	-	-

(INR in thousands)

Description	Software	Total
Gross carrying value as at 1 April 2016	2	2
Gross carrying value as at 31 March 2017	2	2
Accumulated amortisation as at 1 April 2016	2	2
Accumulated amortisation as at 31 March 2017	2	2
Net Carrying amount as at 31 March 2017	-	-

Jubilant DraxImage Limited
Notes to the financial statements for the year ended 31 March 2018

Note 5: Financial assets

Note 5(a): Trade receivables

	(INR in thousands)	
	As at 31 March 2018	As at 31 March 2017
Unsecured and current		
Trade receivable	14,769	22,830
Less: Expected credit loss allowance (refer note 22)	1,783	1,528
Total receivables	12,986	21,302

Note 5(b): Loans (Non-current)

	(INR in thousands)	
	As at 31 March 2018	As at 31 March 2017
Unsecured, considered good unless otherwise stated		
Loan to employees	29	82
Total loans	29	82

Note 5(c): Other financial assets

	(INR in thousands)			
	As at 31 March 2018		As at 31 March 2017	
	Non- current	Current	Non- current	Current
Deposits with maturity after 12 months from the reporting date	159	-	159	-
Interest receivable	-	74	-	50
Others	-	195	-	195
Total	159	269	159	245

Note 5 (d): Cash and cash equivalents

	(INR in thousands)	
	As at 31 March 2018	As at 31 March 2017
Balances with banks		
- in current accounts	2,914	3,198
Total cash and cash equivalents	2,914	3,198

Jubilant DraxImage Limited
Notes to the financial statements for the year ended 31 March 2018

Disclosure of Specified Bank Notes

During the previous year, the Company did not have Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA notification, G.S.R 308(E), dated 31 March 2017. The details of SBNs held and transacted during the period from 8 Nov 2016 to 30 Dec 2016, the denomination-wise SBNs and other notes as per notification are as follows:

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on 08 Nov 2016	-	-	-
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30 Dec 2016			

*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 5 (e): Other bank balances

(INR in thousands)

	As at 31 March 2018	As at 31 March 2017
Deposits accounts with maturity up to twelve months from the reporting date	1,545	2,401
Total other bank balance	1,545	2,401

Note: Deposits for INR 1,545 thousands (31 March 2017 INR 625 thousands) have restricted use.

Note 6: Income tax

The major components of income tax expense for the years ended 31 March 2018 and 31 March 2017 are:

Statement of profit and loss:

Profit or loss section

(INR in thousands)

	As at 31 March 2018	As at 31 March 2017
Current income tax:		
Current income tax charge	427	518
Adjustments in respect of current income tax of previous year	634	(36)
	1061	482
MAT Credit:		
MAT credit on profits for the year	-	(518)
Adjustments in respect of MAT credit of previous year	-	36
	-	(482)
Income tax expense reported in the statement of profit or loss	1,061	-

Jubilant DraxImage Limited
Notes to the financial statements for the year ended 31 March 2018

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2017 and 31 March 2018:

	(INR in thousands)	
	As at 31 March 2018	As at 31 March 2017
Accounting profit before income tax	2,796	3,667
At India's statutory income tax rate of 25.75% (31 March 2017: 30.90%)	720	1,133
-Effect of unrecognized deferred tax	(625)	(1,133)
- Rate change impact of Deferred Tax	(75)	-
- Impact due to unrecognized MAT	1,023	-
- Effect of non-deductible expenses	18	-
Income tax expense reported in the statement of profit and loss	1,061	-

Note 7: Deferred tax

Deferred tax assets

The balance comprises temporary differences attributable to:

	(INR in thousands)	
	As at 31 March 2018	As at 31 March 2017
MAT Credit Entitlement	-	600
Others	-	-
Deferred tax assets/(liabilities)	-	600

The balance comprises temporary differences attributable to:

Reflected in the balance sheet as follows:

	(INR in thousands)	
	As at 31 March 2018	As at 31 March 2017
Deferred tax assets	-	600
Deferred tax liabilities:	-	-
Deferred tax asset, net	-	600

Reconciliation of deferred tax assets (net):

	(INR in thousands)	
	As at 31 March 2018	As at 31 March 2017
Opening balance as of 1 April	600	118
Tax income/(expense) during the period recognised in profit or loss	(600)	482
Closing balance as at 31 March	-	600

Jubilant DraxImage Limited
Notes to the financial statements for the year ended 31 March 2018

Movements in deferred tax assets:

	MAT Credit entitlement	Total
At 1 April 2016	118	118
Charged/(credited)		
- to profit or loss	482	482
- to other comprehensive income	-	-
As at 31 March 2017	600	600
Charged/(credited)		
- to profit or loss	(600)	(600)
- to other comprehensive income	-	-
As at 31 March 2018	-	-

Breakup of deferred tax

(INR in thousands)

Particulars	As at 31 March 2018	As at 31 March 2017
Provision for compensated absences	250	486
Expenditure allowed on actual payment basis	346	187
MAT credit entitlement	1,022	600
Accumulated losses	6,703	7,271
Other	497	391
Deferred tax asset	8,818	8,935
Deferred tax not recognized	8,818	8,335
Net deferred tax asset	-	600

The Company has unused tax losses amounting to Rs. 25,782 Thousand (31 March 2017: Rs. 28,451 Thousand) as at year end, available to reduce future income taxes. If not used unused tax losses will expire in the tax year 2019 to 2023.

Note 8: Inventories

(INR in thousands)

	As at 31 March 2018	As at 31 March 2017
Traded goods	8,552	-
Total inventories	8,552	-

Note 9: Other current assets

(INR in thousands)

	As at 31 March 2018	As at 31 March 2017
Balances with Govt. authorities	3,023	1,781
Advance to employees	26	214
Advance for supply of goods and services	77	1,652
Prepaid Expenses	61	162
Total other current assets	3,187	3,809

Jubilant DraxImage Limited
Notes to the financial statements for the year ended 31 March 2018

Note 10: Equity share capital and other equity

Note 10(a): Equity share capital

	(INR in thousands)	
	As at 31 March 2018	As at 31 March 2017
Authorised		
200,000 (31 March 2017 : 200,000) equity shares of INR 10 each	2,000	2,000
	2,000	2,000
Issued and subscribed		
78,086 (31 March 2017 : 78,086) equity shares of INR 10 each	781	781
	781	781
Paid up		
78,086 (31 March 2017 : 78,086) equity shares of INR 10 each	781	781
	781	781

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

	As at 31 March 2018		As at 31 March 2017	
	Number	INR in thousands	Number	INR in thousands
At the commencement of the year	78,086	781	78,086	781
At the end of the year	78,086	781	78,086	781

Right, preferences and restrictions attached to equity shares

The Company has only one class of shares referred to as equity shares having par value of INR 10 each. Holder of each equity share is entitled to one vote per share. 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. The distribution will be in proportion to the number of equity shares held by the shareholders

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

	As at 31 March 2018		As at 31 March 2017	
Equity shares of INR 10 each fully paid-up held by	Number	% of total shares	Number	% of total shares
Jubilant Pharma Limited, Singapore (Holding Company)	78,086	100%	78,086	100%

Note 10(b): Other equity

Nature and purpose of other equity

Capital reserve

Capital reserve represents accumulated capital surplus not available for distribution of dividend. The reserve is expected to remain invested permanently

Securities premium reserve

The unutilized accumulated excess of issue price over face value on issue of shares. This reserve is utilized in accordance with the provisions of the Act.

Jubilant DraxImage Limited
Notes to the financial statements for the year ended 31 March 2018

Note 11: Financial liabilities

Note 11(a): Non-current borrowings

	(INR in thousands)	
	As at 31 March 2018	As at 31 March 2017
Long term maturity of Finance lease obligations (secured)	-	97
Total non-current borrowings	-	97

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

Finance lease obligation are secured by hypothecation of specified assets taken under such lease. The same are repayable within five years

Note 11(b): Trade payables

	(INR in thousands)	
	As at 31 March 2018	As at 31 March 2017
Trade payables to related parties (Refer note 24)	34,918	34,485
Trade payables	12,658	16,779
Total trade payables	47,576	51,264

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 entity.

11(c) Other financial liabilities

	(INR in thousands)	
	As at 31 March 2018	As at 31 March 2017
Current		
Current maturities of finance lease obligations	97	139
Employee benefits payable	2,359	911
Total other current financial liabilities	2,456	1,050

Note 12: Other current liabilities

	(INR in thousands)	
	As at 31 March 2018	As at 31 March 2017
Advances from customers	1,827	803
Statutory dues payables	355	2,374
Total other current liabilities	2,182	3,177

Note 13: Provisions

	(INR in thousands)			
	As at 31 March 2018		As at 31 March 2017	
	Current	Non-current	Current	Non-current
Provision for employee benefits	142	963	142	1,745
Total provisions	142	963	142	1,745

Jubilant DraxImage Limited
Notes to the financial statements for the year ended 31 March 2018

Note 14: Revenue from operations

(INR in thousands)		
Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Sale of products		
- Traded goods	1,00,424	1,09,786
Sale of services	678	1,405
Other operating revenue *	52	1,640
Total revenue from operations	1,01,154	1,12,831

* Other operating revenues is in the nature of special additional duty refund and gain on account of foreign exchange fluctuation.

Note 15: Other income

(INR in thousands)		
Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest Income	172	136
Total other income	172	136

Note 16: Changes in inventories of traded goods

(INR in thousands)		
Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Opening balance of stock in trade	-	1,417
Closing balance of Stock in trade	8,552	-
Total changes in inventories of traded goods	(8,552)	1,417

Note 17: Employee benefits expense

(INR in thousands)		
Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Salaries, wages, bonus, gratuity and allowances	12,258	12,423
Contribution to provident fund, and other funds	597	607
Staff welfare expenses	338	310
Total employee benefit expense	13,193	13,340

Note 18: Finance costs

(INR in thousands)		
Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Finance cost on finance lease obligation	34	64
Finance costs expensed in profit or loss	34	64

Note 19: Depreciation expense

(INR in thousands)		
Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Depreciation of property, plant and equipment	225	222
Total depreciation expense	225	222

Jubilant DraxImage Limited
Notes to the financial statements for the year ended 31 March 2018

Note 20: Other expenses

Particulars	(INR in thousands)	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Rates and taxes	508	191
Insurance	105	86
Advertisement, publicity and sales promotion	3,164	3,639
Travel and conveyance	3,890	4,511
Vehicle running and maintenance	155	215
Printing and stationery	628	44
Telephone and communication charges	401	320
Payments to auditors (refer note 20(a) below)	40	57
Legal and professional fees	1,397	1,469
Freight and forwarding	3,518	3,499
Bank charges	161	134
Discounts and claims to customers and other selling expenses	-	147
Commission on sales	880	1,052
Foreign Exchange Loss	1,002	-
Provision for bad debts	255	102
Miscellaneous expenses	3	3
Total other expenses	16,107	15,469

Note 20(a): Details of Payments to auditors

Particulars	(INR in thousands)	
	For the year ended 31 March 2018	For the year ended 31 March 2017
As auditor:		
Statutory audit	40	57
Total payments to auditors	40	57

Note 21: Fair value measurements

(INR in thousands)							
	Note	31 March 2018			31 March 2017		
		FVPI	FVOCI	Amortised cost	FVPI	FVOCI	Amortised cost
Financial assets							
Trade receivables	(a)	-	-	12,986	-	-	21,302
Cash and cash equivalents	(a)	-	-	2,914	-	-	3,198
Other Bank Balances	(a)	-	-	1,545	-	-	2,401
Loans	(a), (b)	-	-	29	-	-	82
Other Financial assets	(a), (b)	-	-	428	-	-	404
Total financial assets		-	-	17,902	-	-	27,387
Financial liabilities							
Borrowings	(b)	-	-	-	-	-	97
Trade payables	(a)	-	-	47,576	-	-	51,264
Other Financial Liabilities	(a)	-	-	2,456	-	-	1,050

Jubilant DraxImage Limited
Notes to the financial statements for the year ended 31 March 2018

Total financial liabilities	-	-	50,032	-	-	52,411
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Note:

- a) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.
- b) Fair value of non-current financial assets and liabilities has not been disclosed as there is no significant differences between carrying value and fair value.

Note 22: Financial risk management

Risk management framework

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

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

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

- credit risk (see (i))
- liquidity risk and (see (ii))
- 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, loans and investments.

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 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 annually. Any sales exceeding those limits require approval from the appropriate authority as per policy.

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 an institutional, dealers or end-user customer, their geographic location, industry, trade history with the Company and existence of previous financial difficulties.

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 Nil (31 March 2017: Nil)

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

	(INR in thousands)	
	31 March 2018	31 March 2017
Balance at the beginning of the year	1,528	1,426
Add: Provided during the year (net of reversal)	255	102

Jubilant DraxImage Limited
Notes to the financial statements for the year ended 31 March 2018

Balance at the end of the year	1,783	1,528
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Expected credit loss on financial assets other than trade receivables:

With regards to all financial assets with contractual cash flows other than trade receivable, management believes these to be high quality assets with negligible credit risk. The management believes that the parties from which these financial assets are recoverable, have strong capacity to meet the obligations and where the risk of default is negligible 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 by the 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.

(INR in thousands)

As at 31 March 2018	Contractual Cash flows			
	Carrying Amount	Total	Within 1 year	More than 1 year
Non-derivative financial liabilities				
Trade payables	47,576	47,576	47,576	-
Other Financial liabilities	2,456	2,456	2,456	-

(INR in thousands)

As at 31 March 2017	Contractual Cash flows			
	Carrying Amount	Total	Within 1 year	More than 1 year
Non-derivative financial liabilities				
Trade payables	51,264	51,264	51,264	-
Borrowing	97	97	-	97
Other Financial liabilities	1,050	1,050	1,050	-

iii. 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. The functional currencies of company are primarily the INR. The currencies in which the company is exposed to risk are USD and EUR

Jubilant DraxImage Limited
Notes to the financial statements for the year ended 31 March 2018

Exposure to currency risk

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

(INR in thousands)

	As at 31 March 2018		As at 31 March 2017	
	USD	EUR	USD	EUR
Trade receivables	59	-	-	-
Trade payables	33,198	1,960	34,131	604
Net statement of financial position exposure	(33,139)	(1,960)	(34,131)	(604)

Sensitivity analysis

A reasonably possible strengthening (weakening) of the USD, EUR and against all other currencies at 31 March 2018 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.

(INR in thousands)

	Profit or loss before tax	
	Strengthening	Weakening
31 March 2018		
USD (1% movement)	(331)	331
Euro (1% movement)	(20)	20
31 March 2017		
USD (1% movement)	(341)	341
Euro (1% movement)	(6)	6

Exposure to interest rate risk

The Company doesn't have floating rate borrowing hence doesn't expose to interest rate risk.

Note 23: Capital management

(a) Risk management

The Company's objectives when managing capital are to

- safeguard its 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.
- The company is having nil borrowing (excluding finance lease obligations) as on 31 March 2018 (31 March 2017-Nil).

Note 24: Related Party Disclosures

Related Party where control exists

- Ultimate Holding Company:**
Jubilant Life Sciences Limited
- Holding Company:**
Jubilant Pharma Limited, Singapore
- Fellow Subsidiaries:**
Jubilant Draximage Inc. Canada

Jubilant DraxImage Limited
Notes to the financial statements for the year ended 31 March 2018

(INR in thousands)

Sr.No	Particulars	31 March 2018	31 March 2017
Description of Transactions:			
1.	Purchase of Goods and Services: Jubilant DraxImage Inc Canada	-	5,584
2.	Commission received: Jubilant DraxImage Inc Canada	678	1,350
3.	Reimbursement of Expenses: Jubilant Life Sciences Ltd	-	1,295

(INR in thousands)

S No	Particulars	31 March 2018	31 March 2017
Amount outstanding			
4.	Trade payables: Jubilant Life Sciences Ltd	8,728	7,517
	Jubilant DraxImage Inc	26,190	26,967

Note 25. Employee Benefits in respect of the Company have been calculated as under:

(A) Defined Contribution Plans

The Company has certain defined contribution plans such as provident fund, employees' pension scheme where in specified percentage in contribution to them during the year, the company has contributed following amount

During the year the Company has contributed following amounts to:

(INR in thousands)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Employers contribution to provident fund	452	421
Employers contribution to employee's pension scheme 1995	123	135

(B) Defined Benefit Plans

(i) Gratuity

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The discount rate assumed is 7.70% p.a. (31 March 2017: 7.50 % p.a.) which is determined by reference to market yield at the Balance Sheet date on Government bonds. The retirement age has been considered at 58 years (31 March 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:

(INR in thousands)		
Particulars	31 March 2018	31 March 2017
Balance at the beginning of the year	698	465
Current service cost	99	184
Interest cost	52	38
Actuarial loss	(148)	429
Benefits paid	(323)	(418)
Balance at the end of the year	378	698

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

(INR in thousands)		
Particulars	As at 31 March 2018	As at 31 March 2017
Present value of obligation at the end of the year	378	698
Fair value of plan assets at the end of the year	-	-
Net liabilities recognized in the Balance Sheet	378	698

Expense recognised in profit or loss under employees benefit expense:

(INR in thousands)		
Particulars	31 March 2018	31 March 2017
Current service cost	99	184
Interest cost	52	38
Expenses recognised in statement of profit & loss	151	222

Amount recognized in the statement of other comprehensive income:

(INR in thousands)		
Particulars	31 March 2018	31 March 2017
Actuarial (Gain)/Loss due to Demographic Assumption change	-	(12)
Actuarial (Gain)/Loss due to Financial Assumption change	(7)	31
Actuarial (Gain)/Loss due to Experience Adjustment	(141)	410
Amount recognized in the statement of other comprehensive income	(148)	429

Jubilant DraxImage Limited
Notes to the financial statements for the year ended 31 March 2018

Company's best estimate of contribution during next year is 143.73 INR thousand (31 March 2017: INR 264.40 thousand)

Sensitivity analysis

(INR in thousands)				
Particulars	31 March 2018		31 March 2017	
Assumptions	Discount rate		Salary increase	
Sensitivity level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit	(17)	18	19	(17)

ii. Provident Fund:

The Guidance on implementation of Ind As -19, Employee Benefits states that benefits involving provident funds, which require interest shortfall to be compensated, are to be considered as defined benefit plans. The actuary has worked out liability of Rs Nil (Previous Year Rs Nil) likely to arise towards interest guarantee. Accordingly Rs Nil has been charged (Previous year Rs Nil thousands was reversed) to Statement of Profit and Loss during the year. The Company has contributed Rs NIL thousands to the Provident fund (Previous year Rs NIL thousands) for the year.

(C) Other long term benefits:

(INR in thousands)		
Particulars	31 March 2018	31 March 2017
Present value of obligation at the end of the year	727	1,187

Note 26: Commitments as at year end

a) Guarantees:

Outstanding guarantees furnished by bank as on 31 March 2018 is INR 140 thousand (31 March 2017: INR 540 thousands).

b) Leases:

Asset acquired under finance lease:

The Company has taken vehicles under finance lease during the current year. Future minimum lease payments and their present values under finance lease as at 31 March 2018 are as follows:

(INR in thousands)						
Particulars	Minimum lease payments		Present value of minimum lease payments		Future interest	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Not later than one year	103	169	97	139	6	30
Later than one year but not later than five years	-	103	-	97	-	6
Later than five years	-	-	-	-	-	-

Jubilant DraxImage Limited
Notes to the financial statements for the year ended 31 March 2018

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 27: Earnings per share

The calculation of profit attributable to equity shareholders and weighted average no of equity shares outstanding for the purpose of basic and diluted earnings per shares calculations are as follows:

		(INR in thousands)	
		Year ended 31 March 2018	Year ended 31 March 2017
Profit for the year, attributable to the equity holders		1,735	3,667
For basic and diluted earnings per share	Nos.	78,086	78,086
Earnings per share (face value of INR 10 each)			
Basic (INR)	INR	0.02	0.04
Diluted (INR)	INR	0.02	0.04

Note 28: Segment Reporting

Based on the guiding principles given in the Ind AS 108 on “Operating Segments”, the Company is of opinion that its primary business segment is clinical research. As the Company’s business activity falls within a single primary segment, the disclosure requirements of the said of Ind AS 108 in this regard are not applicable.

Note 29: The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the specified domestic transactions entered into with the specified persons and the international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence before the due date of filing of income tax return. The management is of the opinion that its specified domestic transactions and international transactions are at arm’s length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

ICAI Firm registration number : 101248W/W100022

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

Pravin Tulsyan

Partner

Membership No: 108044

Arun Kumar Sharma

Chairman

DIN:06991435

Pramod Yadav

Director

DIN:05264757

Place : Noida

Date : 8 May 2018