

Jubilant Biosys Limited
Balance Sheet as at 31 March 2015

Rs. in lacs

| | Note | As at 31 March 2015 | As at 31 March 2014 |
|---|-------------|--------------------------------|--------------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 2 | 44.13 | 44.13 |
| Reserves and surplus | 3 | (11,118.23) | (8,025.23) |
| | | (11,074.10) | (7,981.10) |
| Non-current liabilities | | | |
| Long-term provisions | 4 | 250.11 | 210.17 |
| | | 250.11 | 210.17 |
| Current liabilities | | | |
| Short term borrowing | 5 | 15,138.00 | 15,138.00 |
| Trade payables | 6 | 779.04 | 569.35 |
| Other current liabilities | 7 | 3,786.60 | 2,424.78 |
| Short-term provisions | 8 | 75.05 | 72.02 |
| | | 19,778.69 | 18,204.15 |
| | | 8,954.70 | 10,433.22 |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets | 9 | 3,139.16 | 4,224.79 |
| Intangible assets | 9 | 117.37 | 152.49 |
| Intangible assets under development | 9 | - | 10.66 |
| Non-current investments | 10 | 1,168.75 | 1,168.75 |
| Deferred tax assets(net) | 11 | - | - |
| Long-term loans and advances | 12 | 227.12 | 196.71 |
| | | 4,652.40 | 5,753.40 |
| Current assets | | | |
| Inventories | 13 | 11.33 | 11.72 |
| Trade receivables | 14 | 1,857.95 | 2,435.57 |
| Cash and bank balances | 15 | 1,662.07 | 1,257.17 |
| Short-term loans and advances | 16 | 725.83 | 975.36 |
| Other current assets | 17 | 45.12 | - |
| | | 4,302.30 | 4,679.82 |
| | | 8,954.70 | 10,433.22 |
| Significant accounting policies | 1A | | |
| The notes referred to above form an integral part of the financial statements | | | |

As per our report of even date attached

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

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

Pravin Tulsyan
Partner
Membership No.: 108044

Shyam Nath Singh **R. Sankaraiah**
Director Director
DIN:00010530 DIN:00025022

Place : Noida
Date: 11 May 2015

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

Rs. in lacs

| | Note | For the year ended 31 March 2015 | For the year ended 31 March 2014 |
|---|------|-------------------------------------|-------------------------------------|
| REVENUE | | | |
| Revenue from operations (net) | 18 | | |
| Sales of services | | 5,702.27 | 9,380.28 |
| Other operating revenue | | 22.95 | 403.26 |
| | | 5,725.22 | 9,783.54 |
| Other income | 19 | 99.10 | 14.48 |
| Total Revenue | | 5,824.32 | 9,798.02 |
| EXPENSES | | | |
| Employee benefits expense | 20 | 2,387.84 | 2,483.15 |
| Finance costs | 21 | 1,538.06 | 1,538.02 |
| Depreciation and amortization | 9 | 1,006.64 | 844.24 |
| Other expenses | 22 | 3,863.98 | 5,189.90 |
| Total Expenses | | 8,796.52 | 10,055.31 |
| (Loss) before exceptional items and tax | | (2,972.20) | (257.29) |
| Exceptional items | 23 | (56.82) | (161.54) |
| (Loss) before tax | | (2,915.38) | (95.75) |
| Tax expenses: | | | |
| - Deferred tax expense | | 60.37 | 1,882.61 |
| | | 60.37 | 1,882.61 |
| (Loss) for the year | | (2,975.75) | (1,978.36) |
| Basic loss per share of Rs 10 each (Previous year Rs. 10 each) (In Rupees) | 38 | (674) | (448) |
| Diluted loss per share of Rs 10 each (Previous year Rs. 10 each) (In Rupees) | 38 | (674) | (448) |
| Significant accounting policies | 1A | | |
| The notes referred to above form an integral part of the financial statements | | | |

As per our report of even date attached

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

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

Pravin Tulsyan
Partner
Membership No.: 108044

Shyam Nath Singh **R. Sankaraiah**
Director Director
DIN:00010530 DIN:00025022

Place : Noida
Date: 11 May 2015

Jubilant Biosys Limited
Cash Flow Statement for the year ended 31 March 2015
Rs. in lacs

| | For the Year ended 31 March 2015 | For the Year ended 31 March 2014 |
|--|---|---|
| A. Cash flows from operating activities : | | |
| Net loss before tax as per Statement of Profit and Loss | (2,915.38) | (95.75) |
| Adjustments for: | | |
| Depreciation and amortisation | 1,006.64 | 844.24 |
| Loss/(Gain) on sale/disposal/discard of fixed assets/intangibles | 6.93 | (0.10) |
| Finance costs | 1,538.06 | 1,538.02 |
| Bad debts / irrecoverable advances written off/ provided for (net of write back) | 2.04 | - |
| Unrealised (gain) on exchange | 4.25 | (137.70) |
| Interest income | (98.52) | - |
| | 2,459.40 | 2,244.46 |
| Operating profit before working capital changes | (455.98) | 2,148.71 |
| Adjustments for : | | |
| (Increase)/decrease in trade and other receivables | 802.02 | (408.43) |
| Decrease in inventories | 0.39 | 4.07 |
| (Decrease) in current liabilities and provisions | 241.58 | (460.81) |
| | 588.00 | 1,283.54 |
| Cash generated from operations | 588.00 | 1,283.54 |
| Direct taxes paid (net of refunds) | (31.65) | (5.33) |
| | 556.35 | 1,278.21 |
| Net cash generated from operating activities | 556.35 | 1,278.21 |
| B. Cash flows from investing activities : | | |
| Acquisition/purchase of fixed assets/CWIP | (76.25) | (367.24) |
| Sale proceeds of fixed assets | 2.06 | 7.92 |
| Interest income received | 76.60 | 0.09 |
| | 2.40 | (359.23) |
| Net cash generated/(used in) investing activities | 2.40 | (359.23) |
| C. Cash flows from financing activities : | | |
| Finance costs paid | (153.86) | (153.91) |
| | (153.86) | (153.91) |
| Net cash (used in) financing activities | (153.86) | (153.91) |
| | 404.90 | 765.07 |
| Net Increase in cash and cash equivalents (A+B+C) | 404.90 | 765.07 |
| Add: cash and cash equivalents at the beginning of year | 1,256.17 | 491.10 |
| | 1,661.07 | 1,256.17 |
| Cash and cash equivalents at the end of the year | 1,661.07 | 1,256.17 |
| Notes: | | |
| 1) Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard 3 (AS-3)-" Cash Flow Statements". | | |

For BSR & Co. LLP
Chartered Accountants

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

For and on behalf of the Board of Directors of
Jubilant Biosys Limited
Pravin Tulsyan
Partner

Membership No: 108044

Shyam Nath Singh
Director

DIN:00010530

R. Sankaraiah
Director

DIN:00025022

Place: Noida

Date: 11 May 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

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

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

1A. Significant Accounting Policies

A. Basis of preparation and presentation of financial statements

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

B. Going concern

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

C. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of financial statements and the results of operations during the reporting periods. Examples of such estimate include future obligations under employee benefit plans, income taxes, useful lives of tangible assets and intangible assets, provision for doubtful debts etc.

Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could vary from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Appropriate changes in estimates are made as the management becomes aware of the changes in circumstances surrounding the estimates. Any revision to accounting estimates is recognized prospectively in current and future periods. Effect of material changes is disclosed in the notes to the financial statements.

D. Current/non-current classification

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

Assets

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

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

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

All other assets are classified as non-current.

Liabilities

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

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

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

All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents.

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

E. Tangible and intangible fixed assets

Tangible fixed assets

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

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

Jubilant Biosys Limited
Notes to the financial statements for the year ended 31 March 2015

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

Intangible fixed assets

Acquired intangible assets

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

Subsequent expenditure is capitalized 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 recognized as part of the intangible assets.

Internally generated intangible assets

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

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

F. Depreciation and amortization

Upto 31 March 2014, depreciation was provided on straight line method at rates mentioned and in the manner specified in Schedule XIV to the Companies Act, 1956 (as amended) on the original cost/acquisition cost of assets or other amounts substituted for cost, except for the following classes of fixed assets, where the useful life has been estimated as under, and the depreciation is charged accordingly.

- a. Machinery and equipments: Ten years.
- b. Computer and Information Technology related assets: Three to Five years.
- c. Leasehold improvements are amortized over the primary tenure of the lease.

Assets costing individually Rs. 5,000 (in absolute amount) or less were fully depreciated in the year of purchase.

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

- a. Leasehold improvements are amortized over the primary tenure of the lease.

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

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

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

G. Impairment of fixed assets

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

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

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

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

H. Leases

Operating leases

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

I. Valuation of inventories

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

The methods of determining cost of inventories are as follows:

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

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

J. Investments

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

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

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

K. Income tax

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

Current tax

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

Deferred tax

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

L. Foreign currency conversions/ translations

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

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

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

Apart from the above mentioned foreign exchange forward contracts, the Company also enters into derivative contracts in the nature of foreign exchange forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable forecasted transactions. All these derivative contracts are marked-to-market and the resultant loss, if any, from these contracts are recognised in the Statement of Profit and Loss however the gain on mark to market of such contracts is ignored. The contracts are aggregated category-wise, to determine the net gain/loss.

M. Provisions, contingent liabilities and contingent assets

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

N. Employee benefits

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

a. Gratuity

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

b. Provident fund

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:

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

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

(iv) Termination benefits:

Termination benefits are recognized 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.

O. Revenue recognition

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

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

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

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

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

P. Earnings per share

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

Jubilant Biosys Limited
Notes to the financial statements for the year ended 31 March 2015
Rs. in lacs

| | As at 31 March 2015 | As at 31 March 2014 |
|---|------------------------|------------------------|
| 2. SHARE CAPITAL | | |
| Authorized | | |
| 5,000,000 equity shares of Rs. 10/- each (Previous year 5,000,000 shares) | 500.00 | 500.00 |
| 1,000,000 10% optionally convertible non-cumulative redeemable preference shares of Rs. 100/- each (Previous year 1,000,000 shares) | 1,000.00 | 1,000.00 |
| | 1,500.00 | 1,500.00 |
| Issued, subscribed and paid up | | |
| 441,300 equity shares of Rs. 10/- each (Previous year 441,300 shares) | 44.13 | 44.13 |
| | 44.13 | 44.13 |

Rights, obligations and preferences attached to the class of shares

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

b) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts in proportion to the number of equity shares held.

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

| Name of the shareholder | % held As at 31 March 2015 | % held As at 31 March 2014 |
|--|--|----------------------------------|
| | Jubilant Biosys (Singapore) Pte. Limited, the holding company * 295,600 (Previous Year 295,600) equity shares | 66.98% |
| Jubilant Enpro Pvt. Limited 78,000 (Previous Year 78,000) equity shares | 17.68% | 17.68% |
| Shyam S. Bhartia 28,800 (Previous Year 28,800) equity shares | 6.53% | 6.53% |
| Hari S. Bhartia 28,800 (Previous Year 28,800) equity shares | 6.53% | 6.53% |

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

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

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|-------------|---|------------------------|
| | Number of shares at the commencement and at the end of the year | 441,300 |

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

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|---|------------------------|------------------------|
| | Number of shares | Number of shares |
| Jubilant Biosys (Singapore) Pte. Limited, the holding company | 295,600 | 295,600 |

Jubilant Biosys Limited
Notes to the financial statements for the year ended 31 March 2015
Rs. in lacs

| | As at 31 March 2015 | As at 31 March 2014 |
|--|------------------------|------------------------|
| 3. RESERVES AND SURPLUS | | |
| Securities premium account | | |
| At the commencement and at the end of the year | 1,448.44 | 1,448.44 |
| | 1,448.44 | 1,448.44 |
| Hedging reserve | | |
| At the commencement of the year | - | 146.21 |
| (Deduction) during the year | - | (146.21) |
| | - | - |
| Surplus/(deficit) | | |
| At the commencement of the year | (9,473.67) | (7,495.31) |
| Less: adjustment on account of change in depreciation (refer note- 27) | 117.25 | - |
| Add: (Loss) for the year | (2,975.75) | (1,978.36) |
| | (12,566.67) | (9,473.67) |
| | (11,118.23) | (8,025.23) |
| 4. LONG TERM PROVISIONS | | |
| Provision for employee benefits (refer note 31) | 250.11 | 210.17 |
| | 250.11 | 210.17 |
| 5. SHORT TERM BORROWINGS | | |
| Loan repayable on demand | | |
| -From related parties (unsecured) (refer note- 33) | 15,138.00 | 15,138.00 |
| (From ultimate holding company, Jubilant Life Sciences Limited, India) | | |
| | 15,138.00 | 15,138.00 |
| 6. TRADE PAYABLES | | |
| Trade payables- others | 779.04 | 569.35 |
| For micro, small and medium enterprises (Refer note no 26) | | |
| | 779.04 | 569.35 |
| 7. OTHER CURRENT LIABILITIES | | |
| Trade deposits | 6.01 | 0.60 |
| Interest accrued but not due on borrowings | 3,523.76 | 2,139.56 |
| Income received in advance/unearned revenue | 4.38 | - |
| Creditors for capital supplies and services | 0.62 | 15.03 |
| Statutory dues | 73.13 | 76.01 |
| Employee benefits payable | 178.70 | 193.58 |
| | 3,786.60 | 2,424.78 |
| 8. SHORT-TERM PROVISIONS | | |
| Provision for employee benefits (refer note 31) | 75.05 | 72.02 |
| | 75.05 | 72.02 |

Jubilant Biosys Limited

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

9. FIXED ASSETS

Rs. in lacs

| Description | GROSS BLOCK-COST/ BOOK VALUE | | | | DEPRECIATION / AMORTISATION | | | | | NET B L O C K | |
|---|------------------------------|---|--|---------------------------|-----------------------------|--|----------------------------------|--|---------------------------|---------------------------|---------------------------|
| | As at 1 April 2014 | Additions/ adjustments during the year | Deductions/ adjustments during the year | As at 31 March 2015 | Up to 1 April 2014 | Additions Adjustment During the year # | Provided during the year * | Deductions/ adjustments during the year | Up to 31 March 2015 | As at 31 March 2015 | As at 31 March 2014 |
| i) Tangible assets: | | | | | | | | | | | |
| Leasehold improvements | 1,443.86 | - | - | 1,443.86 | 1,041.51 | - | 183.48 | - | 1,224.99 | 218.87 | 402.35 |
| Lab equipments and machineries | 6,257.56 | 59.50 | 16.67 | 6,300.39 | 3,263.20 | - | 642.31 | 9.85 | 3,895.66 | 2,404.73 | 2,994.36 |
| Furniture and fixtures | 291.11 | 0.49 | - | 291.60 | 108.39 | - | 46.44 | - | 154.83 | 136.77 | 182.72 |
| Office equipments | 1,315.63 | 1.85 | 32.52 | 1,284.96 | 670.27 | 177.63 | 88.63 | 30.36 | 906.17 | 378.79 | 645.36 |
| TOTAL | 9,308.16 | 61.84 | 49.19 | 9,320.81 | 5,083.37 | 177.63 | 960.86 | 40.21 | 6,181.65 | 3,139.16 | 4,224.79 |
| Previous Year | 9,022.75 | 296.11 | 10.70 | 9,308.16 | 4,271.12 | - | 815.13 | 2.88 | 5,083.37 | | |
| ii) Intangible assets: | | | | | | | | | | | |
| Internally generated - Patents/Product development | 3,193.37 | - | - | 3,193.37 | 3,193.37 | - | - | - | 3,193.37 | - | - |
| Other - Software | 427.48 | 10.66 | - | 438.14 | 274.99 | - | 45.78 | - | 320.77 | 117.37 | 152.49 |
| TOTAL | 3,620.85 | 10.66 | - | 3,631.51 | 3,468.36 | - | 45.78 | - | 3,514.14 | 117.37 | 152.49 |
| Previous Year | 3,575.17 | 45.68 | - | 3,620.85 | 3,439.24 | - | 29.12 | - | 3,468.36 | | |
| Capital Work in Progress(CWIP) | | | | | | | | | | - | 10.66 |
| | | | | | | | | | | 117.37 | 163.15 |

* Includes prior period depreciation reversed of Rs. Nil (Previous Year Rs. 20.50 lacs)

Includes Rs 177.63 lacs (previous year Nil) debited to opening balance of retained earnings based on transitional provision provided in Note 7 (b) of Schedule II of the Companies Act, 2013 (Refer Note 27)

Jubilant Biosys Limited
Notes to the financial statements for the year ended 31 March 2015
Rs. in laacs

| | As at 31 March 2015 | As at 31 March 2014 |
|---|------------------------|------------------------|
| 10. NON-CURRENT INVESTMENTS (at cost) | | |
| Trade investments (long term) | | |
| Investment in equity instruments (fully paid up equity shares) | | |
| Number Face value Investment in subsidiary company per unit | | |
| 2,485 No par value Jubilant Discovery Services Inc. (2,485) | 1,168.75 | 1,168.75 |
| | 1,168.75 | 1,168.75 |
| Note: Figure in () is in respect of previous year | | |
| 11. DEFERRED TAX ASSET | | |
| Deferred tax assests | - | 70.84 |
| Deferred tax liabilities | - | 70.84 |
| Deferred tax assests (net) (refer note 28) | - | - |
| 12. LONG TERM LOANS AND ADVANCES | | |
| Security deposits (unsecured) | 214.45 | 215.69 |
| Less: Allowance for doubtful deposits | (62.00) | (62.00) |
| Advance payment of income tax | 74.67 | 43.02 |
| | 227.12 | 196.71 |
| 13. INVENTORIES (Valued at lower of cost or net realizable value) | | |
| Lab chemicals and consumables | 11.33 | 11.72 |
| Refer note 1A(I) | | |
| | 11.33 | 11.72 |
| 14. TRADE RECEIVABLES | | |
| Outstanding for a period exceeding six months from the date they are due for payment | | |
| Unsecured and considered good | 688.21 | 673.26 |
| Doubtful | 302.44 | 320.35 |
| | 990.65 | 993.61 |
| Provision for doubtful receivables | 302.44 | 320.35 |
| | 688.21 | 673.26 |
| (A) | | |
| Other receivables | | |
| Unsecured and considered good | 1,169.74 | 1,762.31 |
| | 1,169.74 | 1,762.31 |
| (B) | | |
| Total (A+B) | 1,857.95 | 2,435.57 |

Jubilant Biosys Limited
Notes to the financial statements for the year ended 31 March 2015
Rs. in lacs

| | As at 31 March 2015 | As at 31 March 2014 |
|---|------------------------|------------------------|
| 15. CASH AND BANK BALANCES | | |
| Cash and cash equivalents | | |
| Cash on hand | 0.27 | 0.25 |
| Balances with banks: | | |
| - On current accounts | 460.80 | 1,255.92 |
| - On deposits accounts with original maturity upto three months | 1,200.00 | - |
| | 1,661.07 | 1,256.17 |
| Other bank balances: | | |
| As margin money * | 1.00 | 1.00 |
| | 1,662.07 | 1,257.17 |
| * Fixed deposit for company locker | | |
| 16. SHORT TERM LOANS AND ADVANCES | | |
| Unsecured and considered good | | |
| Service tax credit refundable | 524.07 | 783.78 |
| Less: Provision for doubtful receivable | (4.71) | (4.71) |
| Deposits with excise / sales tax authorities | 0.10 | 1.35 |
| Advances recoverable in cash or in kind: | | |
| - From related parties (refer note- 33) | 70.15 | 37.55 |
| - Loans and advances to employees | 11.64 | 21.72 |
| - Advance for supply of goods and services | 2.59 | 6.57 |
| - Prepaid expenses | 121.99 | 129.10 |
| | 725.83 | 975.36 |
| 17. OTHER CURRENT ASSETS | | |
| Unbilled Revenue | 23.20 | - |
| Interest receivable | 21.92 | - |
| | 45.12 | - |

Jubilant Biosys Limited
Notes to the financial statements for the year ended 31 March 2015
Rs. in lacs

| | For the year ended 31 March 2015 | For the year ended 31 March 2014 |
|--|---|---|
| 18. REVENUE FROM OPERATIONS | | |
| Sales of services | 5,702.27 | 9,380.28 |
| Other operating revenue (refer note 29) | 22.95 | 403.26 |
| Revenue from operations | 5,725.22 | 9,783.54 |
| 18.1 PARTICULARS OF SALES OF SERVICES | | |
| Informatics services | 173.88 | 501.30 |
| Drug discovery and research fees (including cost of chemicals) | 5,528.39 | 8,878.98 |
| | 5,702.27 | 9,380.28 |
| 19. OTHER INCOME | | |
| Interest income | 98.52 | 0.09 |
| Other non-operating income | 0.58 | 14.39 |
| | 99.10 | 14.48 |
| 20. EMPLOYEE BENEFITS EXPENSE | | |
| Salaries, wages, bonus, gratuity and allowances | 2,141.55 | 2,239.63 |
| Contribution to provident and other funds | 116.37 | 115.96 |
| Staff welfare expenses | 129.92 | 127.56 |
| | 2,387.84 | 2,483.15 |
| 21. FINANCE COSTS | | |
| Interest expense (Refer note 33) | 1,538.06 | 1,538.02 |
| | 1,538.06 | 1,538.02 |

Jubilant Biosys Limited
Notes to the financial statements for the year ended 31 March 2015
Rs. in lacs

| | For the year ended 31 March 2015 | For the year ended 31 March 2014 |
|--|---|---|
| 22. OTHER EXPENSES | | |
| Lab chemicals and synthesis of compounds consumed | 1,462.64 | 1,827.91 |
| Processing charges | 800.87 | 1,740.81 |
| Repairs to lab equipments | 120.70 | 121.93 |
| Repairs -others | 2.29 | 1.43 |
| Rent | 247.75 | 234.94 |
| Rates and taxes (includes licencing fees) | 206.09 | 203.92 |
| Insurance | 23.94 | 25.72 |
| Advertisement, publicity and sales promotion | 48.15 | 80.72 |
| Traveling and other incidental expenses | 104.53 | 143.99 |
| Office maintenance | 151.89 | 150.82 |
| Water and electricity | 234.48 | 241.23 |
| Vehicle running and maintenance | 9.98 | 10.54 |
| Printing and stationery | 8.86 | 17.29 |
| Communication expenses | 30.99 | 42.98 |
| Staff recruitment and training | 28.26 | 17.74 |
| Donation | 1.27 | - |
| Auditors remuneration | | |
| - as statutory auditors | 3.00 | 3.00 |
| - for tax audit | 1.00 | 1.00 |
| - for other services | 0.53 | 0.80 |
| Legal , professional and consultancy charges | 351.71 | 304.48 |
| Bank charges | 6.29 | 11.13 |
| Loss on sale/disposal of fixed assets | 6.93 | - |
| Bad debts / irrecoverable advances written off/ provided for (net of write back) | 2.04 | - |
| Subscription | 9.79 | 7.52 |
| | 3,863.98 | 5,189.90 |
| 23. EXCEPTIONAL ITEMS | | |
| Foreign exchange (gain) | (56.82) | (161.54) |
| | (56.82) | (161.54) |

24. Capital commitments

Estimated amount of purchase orders released on account of capital expenditure as on 31 March 2015 Rs. 39.30 [Previous year Rs. Nil]

25. Contingent liabilities to the extent not provided for

- Service tax recoverable includes Rs. 157.90 Lacs (Previous year Rs. 176.57 Lacs) being amount of refund claims which were rejected by the authorities against which the Company has preferred review application. The Company is hopeful of the realization of it in view of the circular of the Excise Department.
- Advance Income Tax includes Rs. 6.25 Lacs (Previous year Rs. 6.25 Lacs) which have been deposited under protest and the matter is sub judice.
- The Company had entered into a lease agreement in September 2008 with AB Mallikarjuna (Landlord) for expanding its operation. Before occupying the property, certain legal lapses were identified and communicated to the land lord 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 land lord's claimed lock in period rental for 36 months for Rs. 423.90 lacs, the Company contested against the same. Hence, under Section 34 of the Arbitration and Conciliation Act, 1996 the landlord decided for arbitration award. The arbitrator concluded the award in July 2011 demanding Rs. 158.95 Lacs. The Company filed a cross objection in the Civil Court ,Bangalore in 2011 on the grounds of commercial occupancy certificate not provided by the landlord and the benefit received by the landlord during the impugned lock-in period as the premises had been occupied by another tenant during the period. The legal proceedings are in progress and management is of the view that the order will be given in favor of the Company.
- Additionally, the Company is involved in other disputes, lawsuits, claims, governmental and/or regulatory inspections, inquiries, investigations and proceedings, including commercial matters that arise from time to time in the ordinary course of business. The Company believes that none of these matters, either individually or in aggregate, are expected to have any material adverse effect on its financial statements.

26. Micro and small business entities

There are no micro and small enterprises, to which the Company owes dues, which are outstanding for more than 45 days as at 31 March 2015. The information as required to be disclosed under the micro, small and medium enterprises development act, 2006 (MSMED) has been determined to the extent such parties have been identified on the basis of the information available with the Company.

- 27.** During the year, pursuant to the Companies Act, 2013 ('the Act') being effective from 1 April 2014, the Company has revised depreciation rates on fixed assets as per the useful life specified in Part 'C' of Schedule II of the Act. As a result of this change, the depreciation charge for the year ended 31 March 2015 is higher by Rs. 124.36 lacs. Further, based on the transitional provision provided in Note 7(b) of the Schedule II an amount of Rs. 117.25 lacs (after adjustment for related tax impact) has been debited to opening balance of retained earnings in respect of the fixed assets where life has expired as per the said Schedule as on 31 March 2014.
-

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

Rs. in lacs

| | As at 31March 2015 | As at 31March 2014 |
|--|-------------------------------|-------------------------------|
| Deferred tax assets | | |
| Provision for leave encashment and gratuity | 101.03 | 88.62 |
| Accumulated losses as per tax laws | 1,875.92 | 1,234.64 |
| Unabsorbed depreciation | 1,988.25 | 1,726.30 |
| Provision for bad debts | 102.80 | 108.60 |
| Unpaid statutory liabilities | 41.06 | 55.06 |
| Depreciation and amortization | 121.82 | - |
| Others | 9.50 | 7.04 |
| | 4,240.38 | 3,220.26 |
| Deferred tax liabilities | | |
| Depreciation and amortization | - | 70.84 |
| | - | 70.84 |
| Less: Deferred tax asset (net) not recognized in absence of virtual certainty of realization | 4,240.38 | 3,149.42 |
| Deferred tax assets (Net) | - | - |

Consequent to revaluation of certain tax position relating to earlier years deferred tax expense of Rs. Nil (PY Rs.1,882.61 lacs) has been recognized in current year.

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

30. Hedging and derivatives

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

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

Jubilant Biosys Limited
Notes to the financial statements for the year ended 31 March 2015

b) Foreign currency exposure not hedged by derivative instrument:

(Rs. In Lacs)

| Details | Currency | As at 31 March 2015 | | | As at 31 March 2014 | | |
|--|----------|----------------------------|---------------|----------------|----------------------------|---------------|----------------|
| | | Amount in Foreign Currency | Exchange rate | Equivalent INR | Amount in Foreign Currency | Exchange rate | Equivalent INR |
| Amount payable on account of purchase of goods | USD | 4.21 | 62.50 | 263.04 | 2.02 | 59.91 | 120.81 |
| | EURO | 0.08 | 67.19 | 5.17 | 0.16 | 82.68 | 13.51 |
| | GBP | 0.12 | 92.47 | 11.54 | 0.005 | 99.76 | 0.46 |
| | JPY | 10.00 | 0.52 | 5.21 | 10.00 | 0.58 | 5.81 |
| | SEK | 0.09 | 8.81 | 0.83 | - | - | - |
| | CAD | 0.01 | 49.03 | 0.54 | - | - | - |
| | CHF | 0.01 | 64.26 | 0.92 | - | - | - |
| Net Amount receivable on account of sale of services | USD | 35.17 | 62.50 | 2,198.36 | 46.36 | 59.91 | 2,777.21 |
| Amount outstanding as balance with Banks | USD | 3.59 | 62.50 | 224.35 | 7.40 | 59.91 | 443.29 |

c) During the current year, the Company discontinued hedge accounting applied in respect of certain foreign currency transactions including forward contracts under Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement" and the consequent financial impact is insignificant on the profit for the year had the Company continued to follow hedge accounting.

31. Employee benefits:

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

A) Defined contribution plans

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

Jubilant Biosys Limited
Notes to the financial statements for the year ended 31 March 2015

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

| Description | Rs. In lacs | |
|--|-------------------------------------|-------------------------------------|
| | For the year ended 31 March 2015 | For the year ended 31 March 2014 |
| Employers contribution to provident fund | 89.54 | 94.66 |

B) State plans

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

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

| Description | Rs. in lacs | |
|--|-------------------------------------|-------------------------------------|
| | For the year ended 31 March 2015 | For the year ended 31 March 2014 |
| Employers contribution to employee state insurance | 1.70 | 3.50 |
| Employers contribution to employee's pension scheme 1995 | 25.13 | 17.80 |

C) Defined benefit plans

- (a) Gratuity

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

Actuarial assumptions are as follows:

a) Economic assumptions

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

| | For the year ended 31 March 2015 | For the year ended 31 March 2014 |
|----------------------------|---|---|
| i) Discounting rate | 7.74 | 9.40 |
| ii) Future salary increase | 10.00% for 3 years and 6.00% thereafter. | 10.00% for 3 years and 6.00% thereafter. |

b) Demographic assumptions

| | For the year ended 31 March 2015 | For the year ended 31 March 2014 |
|---------------------------|-------------------------------------|-------------------------------------|
| i) Retirement age (Years) | 58 | 58 |
| ii) Mortality table | IALM (2006 - 08) | |
| iii) Ages | Withdrawal Rate (%) | Withdrawal Rate (%) |
| Up to 30 Years | 42.00 | 42.00 |
| From 31 to 44 years | 20.00 | 20.00 |
| Above 44 years | 53.00 | 53.00 |

Jubilant Biosys Limited
Notes to the financial statements for the year ended 31 March 2015

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

| Description | Rs. in lacs | |
|--|----------------------------------|----------------------------------|
| | Gratuity | |
| | For the Year ended 31 March 2015 | For the Year ended 31 March 2014 |
| Present value of obligation at the beginning of the year | 149.58 | 107.62 |
| Current service cost | 33.39 | 33.05 |
| Interest cost | 14.06 | 8.61 |
| Actuarial (gain)/loss | 25.70 | 55.87 |
| Benefits paid | (46.95) | (55.57) |
| Present value of obligation at the end of the year | 175.80 | 149.58 |

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

| Description | Rs. in lacs | |
|--|----------------------------------|----------------------------------|
| | Gratuity | |
| | For the Year ended 31 March 2015 | For the Year ended 31 March 2014 |
| Present value of obligation at the end of the year | 175.80 | 149.58 |
| Liabilities/(Assets) recognized in the Balance Sheet | 175.80 | 149.58 |

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

| Description | Rs. in lacs | |
|-------------------------------------|----------------------------------|----------------------------------|
| | Gratuity | |
| | For the Year ended 31 March 2015 | For the Year ended 31 March 2014 |
| Current service cost | 33.39 | 33.05 |
| Interest cost | 14.06 | 8.61 |
| Actuarial (gain)/loss | 25.70 | 55.87 |
| Net cost recognized during the year | 73.16 | 97.53 |

Experience adjustment for the current and previous four periods

| | Rs. in lacs | | | | |
|---|-----------------------------|----------|----------|----------|----------|
| | Gratuity | | | | |
| | For the Year Ended 31 March | | | | |
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Present Value of obligation as at the end of period | 175.80 | 149.59 | 107.62 | 105.64 | 149.55 |
| Fair value of plan assets at the end of the period | - | - | - | - | - |
| Surplus / (Deficit) | (175.80) | (149.59) | (107.62) | (105.64) | (149.55) |
| Experience Adjustment on plan liabilities (loss) / gain | (12.87) | (13.92) | (12.38) | 52.38 | 10.68 |
| Experience Adjustment on plan assets (loss) / gain | - | - | - | - | - |

Jubilant Biosys Limited
Notes to the financial statements for the year ended 31 March 2015

(b) Other long term benefits

| Description | Rs. in Lacs | |
|-----------------------------|-----------------------------------|-----------------------------------|
| | As at year ended 31 March 2015 | As at year ended 31 March 2014 |
| Present value of obligation | 149.37 | 132.61 |

32. Segment information

Based on the guiding principles given in the Accounting Standard on 'Segment Reporting' (AS – 17), the Company is of opinion that its primary business segment is in the business of drug discovery and development. As the Company's business activity falls within a single primary segment, the disclosure requirements of the said AS-17 in this regard are not applicable

33. Related party disclosures

Related parties where control exists:

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

Others:

- (d) Key management personnel:
 Dr. Subir Kumar Basak (Whole time director and president) Resigned on 26th March 2015.

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

(a) Ultimate holding Company

Jubilant Life Sciences Limited

| Transaction during the year | Rs. in lacs | |
|---|-------------------------------------|-------------------------------------|
| | For the Year ended 31 March 2015 | For the Year ended 31 March 2014 |
| Expenses recharged for facilities provided | 1.54 | 0.84 |
| Sale of scientific services | - | 4.53 |
| Expenses recharged for cost sharing | 134.89 | - |
| Interest on inter-corporate deposits (ICD) | 1,538.00 | 1,538.00 |
| Balance outstanding | As at 31 March 2015 | As at 31 March 2014 |
| Inter-corporate deposits outstanding | 15,138.00 | 15,138.00 |
| Interest on ICD outstanding | 3,523.76 | 2,139.56 |
| Closing balance (Advance recoverable in cash or kind) | 0.18 | 2.68 |
| Closing balance (Cost sharing)payable | 12.94 | - |

Jubilant Biosys Limited
Notes to the financial statements for the year ended 31 March 2015

(b) Subsidiary Company

Jubilant Discovery Services Inc.

| | Rs. in lacs | |
|--|---|---|
| Transaction during the year | For the Year ended 31 March 2015 | For the Year ended 31 March 2014 |
| Sale of scientific services | 1093.39 | 934.31 |
| Expenses recharged for facilities provided | - | 0.43 |
| Purchase of scientific services | 782.93 | 461.00 |
| Purchase of business development services | 102.18 | 73.95 |
| Balance outstanding | As at 31 March 2015 | As at 31 March 2014 |
| Closing balance (Advance recoverable in cash or kind)- | - | 1.66 |
| Closing balance (Trade receivables) | 1111.02 | 1419.35 |
| Closing balance (Trade payables) | 284.35 | 46.08 |

(c) Fellow Subsidiary Companies

Jubilant Chemsys Limited

| | Rs. in lacs | |
|--|---|---|
| Transaction during the year | For the Year ended 31 March 2015 | For the Year ended 31 March 2014 |
| Expenses recharged for utilities and sharing of services | 207.30 | 190.01 |
| Sale of fixed assets | - | 7.28 |
| Expenses reimbursed | 4.18 | 4.53 |
| Purchase of technical services | 256.18 | 1,540.40 |
| Balance outstanding | As at 31 March 2015 | As at 31 March 2014 |
| Closing balance –(Trade payable/other payable) | 14.71 | 69.25 |
| Closing balance (Advance recoverable in cash or kind) | 53.39 | 26.12 |

Jubilant Clinsys Limited

| | Rs. in lacs | |
|--|---|---|
| Transaction during the year | For the Year ended 31 March 2015 | For the Year ended 31 March 2014 |
| Expenses recharged for utilities and sharing of services | 14.20 | 50.27 |
| Balance outstanding | As at 31 March 2015 | As at 31 March 2014 |
| Closing balance (Advance recoverable in cash or kind) | 0.05 | 7.07 |

Jubilant Biosys Limited
Notes to the financial statements for the year ended 31 March 2015

Jubilant Clinsys Inc.

| | Rs. in lacs | |
|---|---|---|
| Transaction during the year | For the Year ended 31 March 2015 | For the Year ended 31 March 2014 |
| Sale of technical services | 4.59 | 5.25 |
| Balance outstanding | As at 31 March 2015 | As at 31 March 2014 |
| Closing balance (Advance recoverable in cash or kind) | 4.59 | 5.15 |

Jubilant Innovation India Limited

| | Rs. in lacs | |
|--|---|---|
| Transaction during the year | For the Year ended 31 March 2015 | For the Year ended 31 March 2014 |
| Expenses recharged for facilities provided | 0.03 | 0.08 |

JubilantHollisteir LLC

| | Rs. in lacs | |
|---------------------------------------|---|---|
| Transaction during the year | For the Year ended 31 March 2015 | For the Year ended 31 March 2014 |
| Expenses charged by fellow subsidiary | - | 133.10 |
| Balance outstanding | As at 31 March 2015 | As at 31 March 2014 |
| Closing balance –(Trade payable) | 134.59 | 129.01 |

Jubilant Draximage Inc., Canada

| | Rs. in lacs | |
|---|---|---|
| Transaction during the year | For the Year ended 31 March 2015 | For the Year ended 31 March 2014 |
| Expenses recharged | 16.30 | - |
| Balance outstanding | As at 31 March 2015 | As at 31 March 2014 |
| Closing balance (Advance recoverable in cash or kind) | 16.53 | - |

Jubilant Generics Limited

| | Rs. in lacs | |
|------------------------------------|---|---|
| Transaction during the year | For the Year ended 31 March 2015 | For the Year ended 31 March 2014 |
| Expenses recharged | 2.01 | - |

Jubilant Biosys Limited
Notes to the financial statements for the year ended 31 March 2015

(d) **Key Management Personnel**

Dr. Subir Kumar Basak

Rs. in lacs

| Particulars | For the Year ended 31 March 2015 | For the Year ended 31 March 2014 |
|--------------------|----------------------------------|----------------------------------|
| Salaries and bonus | 217.30 | 167.71 |
| PF contribution | 7.39 | 6.81 |
| | 224.69 | 174.52 |

Note: Excludes provision for gratuity and compensated expenses, as these are determined on the basis of actuarial valuation for the Company as a whole.

34. The Company's significant operating leasing arrangements are in respect of premises (Residential, offices, godown etc). These leasing arrangements, which are cancellable range between 11 months to 10 years generally and are usually renewable by mutual agreement terms. The aggregate lease rentals payable are charged as expense.

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

Rs. in lacs

| Particulars | For the year ended 31 March 2015 | For the year ended 31 March 2014 |
|---|----------------------------------|----------------------------------|
| Travel | 64.27 | 32.80 |
| Legal/ professional license fees | 234.07 | 195.56 |
| Business development consulting charges | 120.19 | 207.04 |
| Scientific services received | 813.77 | 1916.86 |
| Others | 87.84 | 159.04 |

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

Rs. in lacs

| Particulars | For the year ended 31 March 2015 | For the year ended 31 March 2014 |
|-------------------------------------|----------------------------------|----------------------------------|
| Capital goods | 15.87 | 160.81 |
| Reagents, chemicals and consumables | 412.09 | 641.09 |

37. **Earnings in foreign currency:**

Rs. in lacs

| Sales/ services | For the year ended 31 March 2015 | For the year ended 31 March 2014 |
|--|----------------------------------|----------------------------------|
| Informatics services | 173.88 | 501.30 |
| Drug discovery and research fees (including cost of chemicals) | 5,337.33 | 9,163.65 |
| Total | 5,511.21 | 9,664.95 |

38. **Loss per share**

Rs. in lacs

| Particulars | For the year ended 31 March 2015 | For the year ended 31 March 2014 |
|--|----------------------------------|----------------------------------|
| Loss as per Statement of Profit and Loss | (2,975.75) | (1,978.36) |
| No. of equity shares | 441,300 | 441,300 |
| Basic and diluted loss per share (Rs.) | (674) | (448) |

Jubilant Biosys Limited

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

39. The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing regulation under sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company continuously updates its documentation for the international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence latest by its due date. The management is of the opinion that its domestic transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.
40. Previous year's figure have been regrouped/ rearranged wherever found necessary to confirm to this year's classification.

As per our report of even date attached

For B S R & Co. LLP

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

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

Pravin Tulsyan

Partner

Membership No.: 108044

Shyam Nath Singh

Director

DIN: 00010530

R. Sankaraiah

Director

DIN:00025022

Place: Noida

Date: 11 May 2015
