

JUBILANT GENERICS LIMITED
Balance Sheet as at 31 March 2015

(INR million)

	Note	As at 31 March 2015	As at 31 March 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	9.23	1.00
Reserves and surplus	4	3,287.89	(0.41)
		<u>3,297.12</u>	<u>0.59</u>
Non-current liabilities			
Long-term borrowings	5	7,917.54	-
Other long-term liabilities	6	82.11	-
Long-term provisions	7	166.80	-
		<u>8,166.45</u>	<u>-</u>
Current liabilities			
Short-term borrowings	8	1,439.71	-
Trade payables	9	1,058.37	0.14
Other current liabilities	10	5,805.10	0.03
Short-term provisions	11	14.55	-
		<u>8,317.73</u>	<u>0.17</u>
	Total	<u>19,781.30</u>	<u>0.76</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible fixed assets	12	6,064.85	-
Intangible fixed assets	13	2,394.37	-
Capital work-in-progress	12	60.44	-
Intangible assets under development	13	2,723.10	-
Non-current investments	14	4,055.00	-
Long-term loans and advances	15	84.46	-
		<u>15,382.22</u>	<u>-</u>
Inventories	16	1,878.32	-
Trade receivables	17	2,063.24	-
Cash and bank balances	18	24.67	0.76
Short-term loans and advances	19	424.56	-
Other current assets	20	8.29	-
		<u>4,399.08</u>	<u>0.76</u>
	Total	<u>19,781.30</u>	<u>0.76</u>
Significant accounting policies	2		
Notes to the financial statements	1-47		
The notes referred to above 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/ W-1000022

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

Pravin Tulsyan
Partner
Membership No.: 108044

Shyam S. Bhartia
Chairman
DIN: 00010484

R. Sankaraiah
Director
DIN: 00025022

Place : Noida
Date : 12 May 2015

Amit Chaurasia
Company Secretary

JUBILANT GENERICS LIMITED
Statement of Profit and Loss for the year ended 31 March 2015

(INR million)

	Note	For the year ended 31 March 2015	For the period 25 November 2013 to 31 March 2014
REVENUE			
Revenue from operations	21		
Sale of products (gross)		6,060.46	-
Less: excise duty		(48.37)	-
Sale of products (net)		6,012.09	-
Sales of services		69.09	-
Other operating revenues (refer note 38)		82.44	-
		6,163.62	-
Other income	22	15.51	-
Total revenue		6,179.13	-
EXPENSES			
Cost of materials consumed	23	2,746.40	-
Purchases of stock-in-trade	24	44.42	-
Changes in inventories of finished goods, work-in-progress and stock-in-trade	25	(148.54)	-
Employee benefits expense	26	857.50	-
Finance costs	27	1,107.45	-
Depreciation and amortisation expense	12,13,36	928.12	-
Other expenses	28	1,504.32	0.41
Total expenses		7,039.67	0.41
Loss before exceptional items and tax		(860.54)	(0.41)
Exceptional items	29	(39.67)	-
Loss before tax		(820.87)	(0.41)
Loss for the year/period		(820.87)	(0.41)
Basic and diluted earnings per share of INR 10 each (In Rupees)	44	(1,032.69)	(14.64)
Significant accounting policies	2		
Notes to the financial statements	1-47		
The notes referred to above form an integral part of the financial statements			
As per our report of even date attached			
For B S R & Co. LLP		For and on behalf of the Board of Directors	
<i>Chartered Accountants</i>		Jubilant Generics Limited	
ICAI Firm Registration Number : 101248W/ W-1000022			
Pravin Tulsyan	Shyam S. Bhartia	R. Sankaraiah	
<i>Partner</i>	Chairman	Director	
Membership No.: 108044	DIN: 00010484	DIN: 00025022	
	Amit Chaurasia		
	Company Secretary		
Place : Noida			
Date : 12 May 2015			

JUBILANT GENERICS LIMITED
Cash Flow Statement for the year ended 31 March 2015
(INR million)

	For the year ended 31 March 2015	For the period 25 November 2013 to 31 March 2014
A. Cash flows from operating activities		
Net loss before tax	(820.87)	(0.41)
Adjustments :		
Depreciation and amortisation expense	928.12	-
Loss on sale/disposal/discard of fixed assets (net)	10.68	-
Finance costs	1,107.45	-
Bad debts/irrecoverable advances written off (net off provisions written-back)	9.05	-
Unrealised foreign exchange differences	25.76	-
Interest income	(5.62)	-
Operating cash flows before working capital changes	1,254.57	(0.41)
Increase in trade receivables, loans and advances and other assets	(376.15)	-
Increase in inventories	(220.13)	-
(Decrease)/increase in trade payables, provisions and other liabilities	(136.82)	0.17
Cash generated from/(used in) operations	521.47	(0.24)
Income tax paid	(3.79)	-
Net cash generated from/(used in) operating activities	517.68	(0.24)
B. Cash flows from investing activities		
Acquisition/purchase of fixed assets/Capital work in progress	(949.57)	-
Sale of fixed assets	18.53	-
Purchase of investments in subsidiaries (refer note 32)	(4,055.00)	-
Purchase of business (refer note 31)	(9,062.57)	-
Interest received	5.62	-
Net cash used in investing activities	(14,042.99)	-
C. Cash flows from financing activities		
Proceeds from issue of share capital (including share premium and net of share issue expenses)	4,117.40	1.00
Proceeds from long-term loans	4,300.00	-
Proceeds from issue of 12% unsecured compulsorily convertible debentures	4,341.00	-
Proceeds from short-term borrowings (net of repayments)	1,430.15	-
Finance costs paid	(639.33)	-
Net cash generated from financing activities	13,549.22	1.00
Net increase in cash and cash equivalents (A+B+C)	23.91	0.76
Add: cash and cash equivalents at the beginning of year	0.76	-
Cash and cash equivalents at the end of the year	24.67	0.76
Components of cash and cash equivalents		
Balances with banks:		
- On current accounts	23.66	0.76
Cash on hand	0.84	-
Others		
- Imprest	0.17	-
	24.67	0.76

Note:

Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard 3 (AS-3)-" Cash Flow Statements".

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants

ICAI Firm Registration Number : 101248W/ W-1000022

Pravin Tulsyan
Partner

Membership No.: 108044

For and on behalf of the Board of Directors

Jubilant Generics Limited
Shyam S. Bhartia

Chairman

DIN: 00010484

R. Sankaraiah

Director

DIN: 00025022

Amit Chaurasia

Company Secretary

Place : Noida

Date : 12 May 2015

JUBILANT GENERICS LIMITED

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

1. Corporate information

Jubilant Generics Limited ("the Company") is a public limited company domiciled in India and incorporated on 25 November 2013 under the provisions of Companies Act, 1956. The Company is incorporated to engage in the manufacture and supply of Generics (including Active Pharmaceutical Ingredients (APIs) and Solid Dosage Formulations). Also refer note 31.

2. 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 million.

B. 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 fair valuation of acquired assets and assumed liabilities, future obligations under employee benefit plans, income taxes, useful lives of tangible assets and intangible assets, impairment of assets, provision for doubtful debts etc. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could vary from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Appropriate changes in estimates are made as the management becomes aware of the changes in circumstances surrounding the estimates. Any revision to accounting estimates is recognised prospectively in current and future periods. Effect of material changes is disclosed in the notes to the financial statements.

C. Current–non-current classification

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

Assets

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

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

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

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

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

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Operating cycle

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

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

D. Tangible and Intangible fixed assets

Tangible fixed assets

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

Expenditure incurred on start up and commissioning of the project and/or substantial expansion, including the expenditure incurred on trial runs (net of trial run receipts, if any) up to the date of commencement of commercial production are capitalised.

Subsequent expenditures related to an item of fixed asset are capitalised to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance. Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets are recognised in the Statement of Profit and Loss.

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

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

Intangible fixed assets

Acquired intangible assets

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

Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

Expenditure for acquisition and implementation of software systems is recognised as part of the intangible assets.

Internally generated intangible assets

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

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

Goodwill arising on acquisition

Goodwill arising on acquisition reflects the excess of cost of acquisition over the book value of net assets acquired on the date of the acquisition. Goodwill arising on acquisition is not amortised/written off over a period but tested for impairment as explained in (F) below.

E. Depreciation and amortisation

Depreciation is provided on straight line method over the useful lives specified in Part 'C' of Schedule II of the Companies Act, 2013 ('the Act') read with notification dated 29 August 2014 of the Ministry of Corporate Affairs, 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 based on the internal technical assessment of the management as under:

- a. Motor vehicles: five years.
 - b. Motor vehicles under finance lease: tenure of lease or five years whichever is shorter.
 - c. Computer servers and networks: five years.
-

- d. Dies and punches for manufacture of dosage formulations: one to two years.
- e. Employee perquisite related assets (except end user computers): five years, being the period of the perquisite scheme.

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

For fixed assets acquired pursuant to the Business Transfer Agreement (refer note 31), based on internal technical assessment, the management believes that the residual value is more than 5% of the acquisition cost (generally around 5% of the original cost of such fixed assets) which is higher than the residual value as prescribed under Part 'C' of Schedule II of the Act.

Intangible assets in the nature of Product registrations / Market authorisations (Products) are amortised on a straight line basis over a period of five years, from the date of regulatory approval or the date of product going off-patents, 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.

F. Impairment of fixed assets

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

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

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

If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists or has decreased, the asset's or CGU's recoverable amount is estimated. The impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such a reversal is recognised in the Statement of Profit and Loss. An impairment loss for goodwill is reversed only if the impairment loss was caused due to specific external events of an exceptional nature, that is not expected to reoccur and subsequent external events have occurred that reverse the effect of that event.

G. Leases*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. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Lease payment is allocated between the liability and finance charges so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Operating leases

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

H. Valuation of 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:

Raw materials	Weighted average method
Stores and spares	Weighted average method
Work-in-process and finished goods (manufactured)	Variable cost at weighted average including an appropriate share of variable and fixed production overheads. Fixed production overheads are included based on normal capacity of production facilities
Fuel, consumables, packing material etc.	Weighted average method
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.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

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

I. 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.

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.

J. Income taxes

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 recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each Balance Sheet date and are written-down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised. Deferred tax consequences of timing differences that originate in the tax holiday period and reverse after the tax holiday period are recognised in the period in which the timing differences originate. Timing differences that originate and reverse within the tax holiday period are not considered for deferred tax purposes.

Minimum Alternate Tax (MAT)

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with the recommendation contained in the Guidance Note on "Accounting for Credit Available in respect of Minimum Alternative Tax under The Income-tax Act, 1961" issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

K. Foreign Currency transactions, derivatives and hedging

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

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

Foreign Exchange Forward Contracts: The premium or discount arising at the inception of forward exchange 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 forward exchange contract is recognised as income or as an expense for the period. Such forward exchange 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 highly probable forecasted transactions. All these forward exchange contracts are marked-to-market and the resultant loss, if any, from these contracts is 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.

L. Provisions, contingent liabilities and contingent assets

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

M. Revenue recognition

Revenue from sale of products is recognised when the significant risks and rewards of ownership of the products have been transferred to the buyer, recovery of the consideration is probable and the amount of revenue can be measured reliably. Revenues include excise duty and are shown net of sales tax and value added tax, 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.

Revenue from fixed-price contract are recorded on a proportionate completion method.

Revenue related to contract manufacturing arrangements, development contracts and licensing and regulatory services is recognised when performance obligations are fulfilled.

Revenue includes amounts derived from product out-licensing agreements. These arrangements typically consist of an initial up-front payment on inception of the license and subsequent payments dependent on achieving certain milestones in accordance with the terms prescribed in the agreement.

Non-refundable up-front license fees received in connection with product out-licensing agreements are deferred and recognized over the period in which the Company has continuing performance obligations. Export incentives/ benefits are accounted for on accrual basis in the year in which exports are made and where recovery is probable.

Interest Income is recognised on time proportionate method.

N. Employee benefits

- (i) Short-term employee benefits: All employee benefits falling due within twelve months of the end of the period in which the employees render the related services are classified as short-term employee benefits, which include benefits like salaries, wages, short term compensated absences, performance incentives, etc. and are recognised as expenses in the period in which the employee renders the related service and measured accordingly.
- (ii) Post-employment benefits: Post employment benefit plans are classified into defined contribution plans and defined benefit plans in line with the requirements of Accounting Standard (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. The gratuity liability for certain employees of the Company is funded with Life Insurance Corporation of India.

- b. Provident fund

The Company makes contribution to the recognised provident fund - "VAM EMPLOYEES PROVIDENT FUND TRUST" (a multiemployer trust) for its employees, which is a defined benefit plan to the extent that the Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The Company's obligation in this regard is determined by an independent actuary and provided for if the circumstances indicate that the Trust may not be able to generate adequate returns to cover the interest rates notified by the Government. Company's contribution towards provident fund is charged to Statement of Profit and Loss.

(iii) Other long-term employee benefits

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.

O. Borrowing costs

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Company in connection with the borrowing of funds.

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

P. 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.

Q. Employee stock option schemes

The Company accounts for employee stock options in accordance with the Guidance Note on "Accounting for Employee Share-based Payments" issued by the Institute of Chartered Accountants of India ("Guidance Note"). The Guidance Note also applies to grant of stock options of the parent company, to the employees of the Company. The cost is calculated based on the intrinsic value method i.e. the excess of market price of underlying equity shares as of the date of the grant of options over the exercise price of such options is regarded as employee compensation and in respect of the number of options that are expected to ultimately vest, such cost is recognised on a straight line basis over the period over which the employees would become unconditionally entitled to apply for the shares. The cost recognised at any date at least equals the intrinsic value of the vested portion of the option at that date. Adjustment, if any, for difference in initial estimate for number of options that are expected to ultimately vest and related actual experience is recognised in the Statement of Profit and Loss of that year/period. In respect of vested options expire unexercised, the cost is reversed and credited to general reserve.

JUBILANT GENERICS LIMITED
Notes to financial statements for the year ended 31 March 2015 (Continued)
(INR million)

	As at 31 March 2015	As at 31 March 2014
3. SHARE CAPITAL		
Authorised		
1,000,000 (Previous period 1,000,000) equity shares of INR 10 each	10.00	10.00
	10.00	10.00
Issued		
930,000 (Previous period 100,000) equity shares of INR 10 each, fully paid up	9.30	1.00
	9.30	1.00
Subscribed		
923,480 (Previous period 100,000) equity shares of INR 10 each, fully paid up	9.23	1.00
	9.23	1.00
Paid up		
923,480 (Previous period 100,000) equity shares of INR 10 each, fully paid up	9.23	1.00
	9.23	1.00

Notes :

3.1 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.

3.2 Particulars of shareholders holding more than 5% shares is set out below:

Particulars	As at 31 March 2015		As at 31 March 2014	
	No. of shares	% held	No. of shares	% held
Equity shares of INR 10 each, fully paid up:				
Jubilant Pharma Limited, Singapore - the holding company (including 7 shares held jointly with 7 individuals)	923,480	100%	100,000	100%

3.3 The reconciliation of the number of shares outstanding at the beginning and at the end of the year/ period

Particulars	As at 31 March 2015		As at 31 March 2014	
	No. of shares	(INR million)	No. of shares	(INR million)
Equity shares of INR 10 each, fully paid up:				
At the commencement of the year/ period	100,000	1.00	-	-
Add: Shares issued during the year/ period	823,480	8.23	100,000	1.00
	923,480	9.23	100,000	1.00

	As at 31 March 2015	As at 31 March 2014
4. RESERVES AND SURPLUS		
Securities premium account		
At the commencement of the year/ period	-	-
Add: Receipt on issue of shares during the year/ period	4,109.17	-
At the end of the year/ period	4,109.17	-
Deficit in the Statement of Profit and Loss		
At the commencement of the year/ period	(0.41)	-
Add: Loss for the year/ period	(820.87)	(0.41)
At the end of the year/ period	(821.28)	(0.41)
	3,287.89	(0.41)

JUBILANT GENERICS LIMITED
Notes to financial statements for the year ended 31 March 2015 (Continued)
(INR million)

	As at 31 March 2015	As at 31 March 2014
5. LONG-TERM BORROWINGS		
Term loans		
From banks - Indian rupee loans (secured)	3,575.00	-
Finance lease obligations (secured)	1.54	-
Debentures		
12% unsecured compulsorily convertible debentures	4,341.00	-
	<u>7,917.54</u> (1)	<u>-</u>
The above amount includes		
Secured borrowings	3,576.54	-
Unsecured borrowings	4,341.00	-
	<u>7,917.54</u>	<u>-</u>
(1) Refer note 10 for current maturities of long-term borrowings		
Nature of security of long-term borrowings and other terms of repayment:		
5.1 Term loans amounting to INR 4,300.00 million (Previous period INR Nil) from Yes Bank, Indian Bank and Ratnakar Bank are secured by a first pari-passu charge amongst the lenders on all immovable and movable fixed assets (both present and future) of the Company. These loans carry an interest rate of 11.50% per annum.		
5.2 Indian rupee loan amounting to INR 1,500.00 million (Previous period INR Nil) from Yes Bank and NR 1,500.00 million (Previous period INR Nil) from Indian Bank are repayable in sixteen equal quarterly instalments commencing from September 2015.		
5.3 Indian rupee loan amounting to INR 1,300.00 million (Previous period INR Nil) from Ratnakar Bank is repayable in sixteen equal quarterly instalments commencing from October 2015.		
5.4 The 12% unsecured compulsorily convertible debentures are convertible into equity shares after 7 years from the date of allotment i.e. 2 July 2021. The interest is due for payment on quarterly basis. As per the terms, for every compulsorily convertible debenture of face value of INR 100,000 each, 12.88 equity shares of face value of INR 10 each will be issued at the time of conversion. Any fractional shares will be paid in cash.		
5.5 Finance lease obligations are secured by hypothecation of specific assets taken under such lease. The same are repayable within five years.		
6. OTHER LONG-TERM LIABILITIES		
Income received in advance/unearned revenue	82.11	-
	<u>82.11</u>	<u>-</u>
7. LONG-TERM PROVISIONS		
Provision for employee benefits (refer note 41)	166.80	-
	<u>166.80</u>	<u>-</u>
8. SHORT-TERM BORROWINGS		
Loan repayable on demand		
From banks (secured)	1,165.51	-
From others (secured)	274.20	-
	<u>1,439.71</u>	<u>-</u>
The above amount includes		
Secured borrowings	1,439.71	-
Unsecured borrowings	-	-
	<u>1,439.71</u>	<u>-</u>
Nature of security of short-term borrowings and other terms of repayment:		
8.1 Working capital facilities (including cash credit) sanctioned by consortium of banks and notified financial institutions comprising of ICICI Bank Limited, ING Vysya Bank, Yes Bank Limited, Axis Bank Limited, Ratnakar Bank Limited and Export Import Bank of India are secured by a first charge by way of hypothecation, ranking pari passu, of the entire book debts and receivables and inventories, both present and future, of the Company wherever the same may be or be held.		
8.2 Short-term loans are availed in Indian rupees and in foreign currency. Indian rupee loans carry interest rate ranging from 11.75% to 13.80% per annum and foreign currency loans carry interest rate of Libor plus spread ranging from 200 to 350 basis points. Libor are reset at periodic intervals as per the terms of the loans.		

JUBILANT GENERICS LIMITED

Notes to financial statements for the year ended 31 March 2015 (Continued)

(INR million)

	As at 31 March 2015	As at 31 March 2014
9. TRADE PAYABLES		
Trade payables-dues to micro, small and medium enterprises under MSMED Act, 2006 (refer note 39)	9.32	-
Trade payables-others	1,049.05	0.14
	<u>1,058.37</u>	<u>0.14</u>
10. OTHER CURRENT LIABILITIES		
Current maturities of long-term debt (secured - Refer note 5.1 to 5.3)	725.00	-
Current maturities of finance lease obligation (secured - Refer note 5.5)	1.44	-
Trade deposits and advances	22.24	-
Interest accrued but not due on borrowings	144.69	-
Income received in advance/unearned revenue	62.60	-
Payable against purchase of business including accrued interest (refer note 31 and 42)	4,528.01	-
Creditors for capital supplies and services	59.98	-
Statutory dues	50.00	0.03
Other payables (includes employee benefits and provision for excise duty on closing stock,etc.)	211.14	-
	<u>5,805.10</u>	<u>0.03</u>
11. SHORT-TERM PROVISIONS		
Provision for employee benefits (refer note 41)	14.55	-
	<u>14.55</u>	<u>-</u>

12. TANGIBLE ASSETS

(INR million)

Description	Gross block - cost/ book value					Depreciation				Net block	
	As at 31 March 2014	Additions on account of business acquisition (refer note 31)	Additions/ adjustments during the year (1)	Deletions/ adjustments during the year	As at 31 March 2015	As at 31 March 2014	Additions/ adjustments during the year	Deletions/ adjustments during the year	As at 31 March 2015	As at 31 March 2015	As at 31 March 2014
Land - Freehold	-	599.97	1.92	-	601.89	-	-	-	-	601.89	-
Buildings											
(a) Factory	-	966.82	29.21	-	996.03	-	28.24	-	28.24	967.79	-
(b) Others	-	114.19	1.72	-	115.91	-	4.54	-	4.54	111.37	-
Plant and equipment	-	4,494.13	298.91	0.25	4,792.79	-	551.36	0.21	551.15	4,241.64	-
Furniture and fixtures	-	99.14	26.11	2.31	122.94	-	24.35	0.62	23.73	99.21	-
Vehicles											
(a) Owned	-	2.04	-	-	2.04	-	0.38	-	0.38	1.66	-
(b) Leased	-	4.63	-	0.88	3.75	-	1.53	0.35	1.18	2.57	-
Office equipments	-	28.18	21.36	0.65	48.89	-	10.51	0.34	10.17	38.72	-
Total	-	6,309.10	379.23	4.09	6,684.24	-	620.91	1.52	619.39	6,064.85	-
Previous period	-	-	-	-	-	-	-	-	-	-	-
Capital work-in-progress (CWIP)										60.44	-
										6,125.29	-

Notes:

(1) Includes INR 51.92 million (Previous period INR Nil) in respect of R&D assets.

(2) Capital research and development expenditure aggregating to INR 51.92 million (Previous period INR Nil) incurred during the year included in additions to fixed assets/capital work in progress.

13. INTANGIBLE ASSETS

(INR million)

Description	Gross block - cost/ book value					Amortisation				Net block	
	As at 31 March 2014	Additions on account of business acquisition (refer note 31)	Additions/ adjustments during the year (1)	Deletions/ adjustments during the year	As at 31 March 2015	As at 31 March 2014	Additions/ adjustments during the year	Deletions/ adjustments during the year	As at 31 March 2015	As at 31 March 2015	As at 31 March 2014
Goodwill on acquisition	-	1,371.36	-	-	1,371.36	-	-	-	-	1,371.36	-
Product registration/ market authorisation	-	1,024.54	211.43	-	1,235.97	-	231.20	-	231.20	1,004.77	-
Others											
(a) Rights	-	19.70	-	-	19.70	-	3.89	-	3.89	15.81	-
(b) Software	-	1.68	1.29	-	2.97	-	0.54	-	0.54	2.43	-
Total	-	2,417.28	212.72	-	2,630.00	-	235.63	-	235.63	2,394.37	-
Previous period	-	-	-	-	-	-	-	-	-	-	-
Intangible assets under development (including R&D expenditure in the nature of intangibles)										2,723.10	-
										5,117.47	-
Notes:											
(1) Includes INR 211.43 million (Previous period INR Nil) in respect of R&D assets.											
(2) Capital research and development expenditure aggregating to INR 576.84 million (Previous period INR Nil) incurred during the year included in additions to fixed assets/Intangible assets under development.											

JUBILANT GENERICS LIMITED

Notes to financial statements for the year ended 31 March 2015 (Continued)

(INR million)

	As at 31 March 2015	As at 31 March 2014
14. NON-CURRENT INVESTMENTS (at cost)		
(Unquoted)		
Trade Investments (long-term)		
Investment in equity instruments (fully paid up equity shares)		
Investment in subsidiary company		
Jubilant Pharma NV	965.00	-
[13,900,000 (Previous period Nil) equity shares of face value Euro 1 per share] (refer note 32)		
Investment in others		
Jubilant Pharma Holdings Inc.	3,090.00	-
[200 (Previous period Nil) equity shares with no par value] (refer note 32)		
	4,055.00	-
Aggregate amount of unquoted investments	4,055.00	-
15. LONG-TERM LOANS AND ADVANCES		
(Unsecured and considered good)		
Capital advances	11.78	-
Security deposits	30.94	-
Loans and advances to employees	6.00	-
Prepaid expenses	31.95	-
Advance payment of income tax	3.79	-
	84.46	-
16. INVENTORIES		
(Valued at the lower of cost and net realisable value)		
Raw materials [including goods-in-transit INR 62.84 million (Previous period INR Nil)]	733.26	-
Work-in-progress	666.49	-
Finished goods	243.53	-
Stock-in-trade	6.31	-
Stores and spares [including goods-in-transit INR 5.00 million (Previous period INR Nil)]	123.61	-
Packing material	80.18	-
Others- process chemicals, fuels etc.	24.94	-
	1,878.32	-

	As at 31 March 2015	As at 31 March 2014
17. TRADE RECEIVABLES		
Outstanding for a period exceeding six months from the date they become due for payment		
Unsecured and considered good	68.35	-
Doubtful	8.48	-
	<u>76.83</u>	-
Provision for doubtful receivables	(8.48)	-
	(A) 68.35	-
Other receivables		
Unsecured and considered good	1,994.89	-
	(B) 1,994.89	-
Total (A+B)	<u>2,063.24</u>	<u>-</u>
18. CASH AND BANK BALANCES		
Cash and cash equivalents		
Balances with banks:		
- On current accounts	23.66	0.76
Cash on hand	0.84	-
Others		
- Imprest	0.17	-
	<u>24.67</u>	<u>0.76</u>
19. SHORT-TERM LOANS AND ADVANCES (Unsecured and considered good)		
Deposits/balances with excise /sales tax authorities	176.08	-
Advances recoverable in cash or kind		
- From related parties (refer note 42)	52.76	-
- Loans and advances to employees	8.75	-
- Advance for supply of goods and services	17.22	-
- Claims recoverable	102.83	-
- Prepaid expenses	51.94	-
- Others	14.98	-
	<u>424.56</u>	<u>-</u>
20. OTHER CURRENT ASSETS		
Unbilled revenue	8.29	-
	<u>8.29</u>	<u>-</u>

		For the year ended 31 March 2015		For the period 25 November 2013 to 31 March 2014
21. REVENUE FROM OPERATIONS				
Sales of products				
- Finished goods		6,007.58		-
- Traded goods		52.88		-
Sales of services		69.09		-
Other operating revenues (refer note 38)		82.44		-
Revenue from operations (gross)		6,211.99		-
Less: excise duty		(48.37)		-
Revenue from operations (net)		6,163.62		-
21.1 BREAK-UP OF REVENUE FROM SALES OF PRODUCTS				
Finished goods				
Active pharma ingredients (API)		4,033.71		-
Tablets, capsules and injectables		1,973.87		-
		6,007.58		-
Traded goods				
Active pharma ingredients (API)		52.88		-
		52.88		-
		6,060.46		-
21.2 BREAK-UP OF REVENUE FROM SALES OF SERVICES				
Licensing income		44.45		-
Income from other services rendered		24.64		-
		69.09		-
22. OTHER INCOME				
Interest income		5.62		-
Other non-operating income		9.89		-
		15.51		-
23. COST OF MATERIALS CONSUMED				
Raw and process materials consumed		2,746.40		-
		2,746.40		-
23.1 BREAK-UP OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED	%	(INR million)	%	(INR million)
Imported *	44.29	1,216.28	-	-
Indigenous	55.71	1,530.12	-	-
	100.00	2,746.40	-	-
* including consumption of imported materials acquired from Jubilant Life Sciences Limited pursuant to BTA (refer note 31).				
24. PURCHASES OF STOCK-IN-TRADE				
Purchases of stock-in-trade		44.42		-
		44.42		-
24.1 BREAK-UP OF STOCK-IN-TRADE				
Active pharma ingredients (API)		44.42		-
		44.42		-

	For the year ended 31 March 2015	For the period 25 November 2013 to 31 March 2014
25. CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Stock at close - work-in progress	666.49	-
Stock at close - finished goods	243.53	-
Stock at close - stock-in-trade	6.31	-
	<u>916.33</u>	-
Stock at commencement - work-in progress	-	-
Stock at commencement - finished goods	-	-
Stock at commencement - stock-in-trade	-	-
	<u>-</u>	-
Increase in stocks	(916.33)	-
Add: adjustment on account of purchase of business (refer note 31)	767.79	-
	<u>(148.54)</u>	-
25.1 BREAK-UP OF INVENTORIES		
Break-up of work-in-progress		
Active pharma ingredients (API)	612.43	-
Tablets, capsules and injectables	54.06	-
	<u>666.49</u>	-
Break-up of finished goods		
Active pharma ingredients (API)	198.34	-
Tablets, capsules and injectables	45.19	-
	<u>243.53</u>	-
Break-up of stock-in-trade		
Active pharma ingredients (API)	6.31	-
	<u>6.31</u>	-
26. EMPLOYEE BENEFITS EXPENSE		
Salaries, wages, bonus, gratuity and allowances (refer note 41)	759.24	-
Contribution to provident fund (refer note 41)	39.06	-
Staff welfare expenses	59.20	-
	<u>857.50</u>	-
27. FINANCE COSTS		
Interest expense	1,082.38	-
Other borrowing costs	15.51	-
Exchange difference to the extent considered as an adjustment to borrowing cost	9.56	-
	<u>1,107.45</u>	-
(Refer note 35)		

	For the year ended 31 March 2015	For the period 25 November 2013 to 31 March 2014		
28. OTHER EXPENSES				
Power and fuel	353.16	-		
Stores, spares, chemicals and packing materials consumed	311.22	-		
Processing charges	20.07	-		
Excise duty related to increase/decrease in inventory of finished goods	5.55	-		
Rent (refer note 40)	28.96	-		
Rates and taxes	87.47	-		
Insurance	23.25	-		
Advertisement, publicity and sales promotion	13.83	-		
Travelling and other incidental expenses	45.41	-		
Repairs				
- Building	13.89	-		
- Machinery	105.86	-		
- Others	3.20	-		
Office expenses	32.09	-		
Vehicle running and maintenance	3.68	-		
Printing and stationery	9.94	-		
Communication expenses	7.44	-		
Staff recruitment and training	13.40	-		
Donation	0.08	-		
Auditors remuneration				
- As Auditors	1.20	0.09		
- For tax audit	0.30	-		
- For certification and other services	0.15	-		
Legal, professional and consultancy charges	229.13	0.32		
Freight and forwarding (including ocean freight)	100.70	-		
Subscription	6.24	-		
Bank charges	10.92	-		
Discounts and claims to customer and other selling expenses	22.95	-		
Commission on sales	34.37	-		
Loss on sale/disposal/discard of fixed assets (net)	10.68	-		
Provision/write off bad debts / irrecoverable advances	9.05	-		
Miscellaneous expenses	0.13	-		
	<u>1,504.32</u>	<u>0.41</u>		
28.1 PARTICULARS OF IMPORTED AND INDIGENOUS STORES, SPARES, CHEMICALS CONSUMED				
	%	(INR million)	%	(INR million)
Imported*	10.94	34.06	-	-
Indigenous	89.06	277.16	-	-
	<u>100.00</u>	<u>311.22</u>	<u>-</u>	<u>-</u>
* including consumption of imported stores, spares and chemicals acquired from Jubilant Life Sciences Limited pursuant to BTA (refer note 31).				
28.2 RESEARCH AND DEVELOPMENT EXPENSES (EXCLUDING FINANCE COST, DEPRECIATION AND AMORTISATION) COMPRISES AS MENTIONED HEREUNDER:				
Cost of material consumed	135.79	-		
Employee benefits expense	307.78	-		
Utilities - power	32.02	-		
Other expenses	295.14	-		
	<u>770.73</u>	<u>-</u>		
Less: Transferred to intangibles/assets under development	427.47	-		
Balance charged to revenue	<u>343.26</u>	<u>-</u>		
29. EXCEPTIONAL ITEMS				
Foreign exchange gain	(39.67)	-		
	<u>(39.67)</u>	<u>-</u>		

JUBILANT GENERICS LIMITED**Notes to the financial statements for the year ended 31 March 2015 (Continued)****30. Segment reporting**

As the Company's business activity falls within a single primary business segment, viz. "Pharmaceuticals", the disclosure requirements of Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

31. Business transfer agreement

During the current year, the Company has entered into a Business Transfer Agreement (BTA) with Jubilant Life Sciences Limited (ultimate holding company) on 20 June 2014 for purchase of its Active Pharmaceutical Ingredients and Dosage Forms business by way of slump sale on going concern basis for a lump sum consideration of INR 9,293 million (net of debts of INR 3,923 million) with effect from 1 July 2014. The Company has discharged consideration, to the extent paid, either through payment to Jubilant Life Sciences Limited or directly to the lenders of Jubilant Life Sciences Limited.

Accordingly, the Company capitalised the acquired tangible and intangible fixed assets at their fair values and other assets and liabilities at book value as per the books of Jubilant Life Sciences Limited in its books of account. The excess of consideration paid over the value of assets and liabilities acquired has been recognised as goodwill on acquisition.

The summary of assets and liabilities taken over and incorporated in the financial statements of the Company pursuant to the BTA, is as under:

Particulars	During the year ended 31 March 2015
	(INR million)
Tangible fixed assets	6,309.10
Intangible fixed assets	1,045.92
Capital work-in-progress	50.53
Intangible asset under development	2,460.62
Other non-current assets	44.16
Current assets	3,751.16
Non-current liabilities	(120.69)
Current liabilities	(1,696.16)
Net assets acquired	11,844.64
Total consideration	13,216.00
Goodwill on acquisition	1,371.36

32. Share purchase agreement

During the current year, the Company purchased equity shares of Jubilant Pharma Holdings Inc. and Jubilant Pharma NV, for a consideration of INR 2,158 million (net of debts of INR 1,897 million) as per the share purchase agreements dated 19 May 2014 between the Company and its ultimate holding company. The Company has discharged consideration either through payment to Jubilant Life Sciences Limited or directly to the lenders of Jubilant Life Sciences Limited.

JUBILANT GENERICS LIMITED**Notes to the financial statements for the year ended 31 March 2015 (Continued)****33. Commitments as at year end:****a) Capital commitments:**

Estimated amount of contracts remaining to be executed on capital account (net of advances) is INR 92.24 million (Previous period INR Nil).

b) Other commitments

- 1) Exports obligation undertaken by the Company under EPCG scheme to be completed over a period of five/eight years on account of import of capital goods at concessional import duty and remaining outstanding is INR 77.34 million (Previous period INR Nil). Similarly, export obligation under Advance License Scheme/DFIA scheme on duty free import of specific raw materials, remaining outstanding is INR 2,814.01 million (Previous period INR Nil).
- 2) For lease commitment refer note 39.

34. Contingent liabilities to the extent not provided for:

Claims against the Company, disputed by the Company, not acknowledged as debts*:

(INR million)

Particulars	As at 31 March 2015	As at 31 March 2014
- Service tax	242.63	-
- Central excise	4.73	-
- Customs	0.83	-

*Including claims in respect of business acquired in current year from Jubilant Life Sciences Limited (refer note 31) though the litigations may be continuing in the name of Jubilant Life Sciences Limited, however any liability arising in future relating to these disputes will be borne by 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.

35. In line with the applicable Accounting Standards, during the year, finance costs amounting to INR 149.37 million (Previous period INR Nil) and expenditure incurred on start-up and commissioning of the project and /or substantial expansion and development, including the expenditure incurred on trial runs (Net of trial run receipts, if any) up to the date of capitalization amounting to INR 8.16 million (Previous period INR Nil) have been capitalised.

JUBILANT GENERICS LIMITED**Notes to the financial statements for the year ended 31 March 2015 (Continued)**

36. The carrying value of internally generated intangible assets – product development and intangibles under development has been reviewed and based on financial and technical assessment, carrying value of certain internally generated intangible assets/ intangibles under development of INR 71.58million (Previous period INR Nil) has been charged to the Statement of Profit and Loss under the head depreciation and amortisation expense.

37. Deferred tax assets (net):

(INR million)

Particulars	As at 31 March 2015	As at 31 March 2014
Deferred tax assets on account of:		
Provision for compensated absences and gratuity	17.02	-
Expenditure covered by section 43B of Income-tax Act, 1961	10.60	-
Carry forward business losses and unabsorbed depreciation	871.77	0.14
	899.39	0.14
Deferred tax liabilities on account of:		
Depreciation and amortisation	237.05	-
Research and development expenses	147.95	-
	385.00	-
Net deferred tax assets	514.39	0.14
Net deferred tax assets recognised in the books of accounts	-	-

The Company has carry forward business losses and unabsorbed depreciation under the provisions of the Income-tax Act, 1961. In the absence of virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised, deferred tax assets have been recognized only to the extent of deferred tax liabilities.

38. Other operating revenues are in the nature of export incentives, scrap sales etc.

39. Micro, Small and medium enterprises

There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31 March 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 information available with the Company.

(INR million)

Particulars	As at 31 March 2015	As at 31 March 2014
Principal amount payable to suppliers at the year end	9.32	-
Interest due on the remaining unpaid amount to the suppliers as at the end of the year	-	-
Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-

JUBILANT GENERICS LIMITED**Notes to the financial statements for the year ended 31 March 2015 (Continued)**

(INR million)

Particulars	(INR million)	
	As at 31 March 2015	As at 31 March 2014
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED.	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
Amount of further interest due and payable in the succeeding year	-	-

40. Leases:

a) The Company's significant operating lease arrangements are in respect of premises (offices, godowns etc.). These leasing arrangements, which are cancellable, range between 11 months and 3 years generally and are usually renewable by mutual agreeable terms. The aggregate lease rentals payable are charged as expenses. Rental expense recognised under such leases are INR 28.96 million (Previous period INR Nil).

b) Assets acquired under finance lease (also refer note 31):

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

(INR million)

Particulars	Minimum lease payments		Present value of minimum lease payments		Future interest	
	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014
	Not later than one year	1.75	-	1.44	-	0.31
Later than one year but not later than five years	1.76	-	1.54	-	0.22	-
Later than five years	-	-	-	-	-	-

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

JUBILANT GENERICS LIMITED**Notes to the financial statements for the year ended 31 March 2015 (Continued)**

41. Employee benefits have been calculated as under:

(A) Defined Contribution Plans

a. Provident fund

During the year the Company has contributed following amounts to:

(INR million)

Particulars	For the year ended 31 March 2015	For the period 25 November 2013 to 31 March 2014
Employer's contribution to employee's pension scheme 1995	13.48	-

b. State plans

During the year the Company has contributed following amounts to:

(INR million)

Particulars	For the year ended 31 March 2015	For the period 25 November 2013 to 31 March 2014
Employer's contribution to employee's state insurance	1.56	-

(B) Defined Benefit Plans

a. Gratuity

In accordance with Accounting Standard (AS) 15-"Employee Benefits (Revised 2005)", an actuarial valuation has been carried out in respect of gratuity. The discount rate assumed is 7.74% p.a. which is determined by reference to market yield at the Balance Sheet date on Government bonds. The retirement age has been considered at 58 years and mortality table is as per 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, taking into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The plans assets are maintained with Life Insurance Corporation of India in respect of gratuity scheme for certain employees of the Company. The details of investments maintained by Life Insurance Corporation are not available with the Company, hence not disclosed. The expected rate of return assumed on plan assets is 9.00% p.a.

JUBILANT GENERICS LIMITED**Notes to the financial statements for the year ended 31 March 2015 (Continued)**

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:
(INR million)

Particulars	31 March 2015	31 March 2014
Present value of obligation at the beginning of the year/ period	-	-
Acquisition adjustment (refer note 31)	89.24	-
Current service cost	14.03	-
Interest cost	5.18	-
Actuarial loss	16.50	-
Benefits paid	(15.56)	-
Present value of obligation at the end of the year/ period	109.39	-

Fair Value of Plan Assets:

(INR million)

Particulars	31 March 2015	31 March 2014
Plan assets at the beginning of the year/ period	-	-
Acquisition adjustment (refer note 31)	18.37	-
Expected return on plan assets	1.24	-
Contribution by employer	0.29	-
Actual benefits paid	(1.62)	-
Actuarial loss	(0.45)	-
Plan assets at the end of the year/ period	17.83	-

Reconciliation of the present value of defined benefit obligation and the fair value of the plan assets:
(INR million)

Particulars	31 March 2015	31 March 2014
Present value of obligation at the end of the year/ period	109.39	-
Fair value of plan assets at the end of the year/ period	(17.83)	-
Net liability recognised in the Balance Sheet	91.56	-

Cost recognised for the period (included under salaries, wages, bonus, gratuity and allowances:

(INR million)

Particulars	31 March 2015	31 March 2014
Current service cost	14.03	-
Interest cost	5.18	-
Actuarial loss	16.95	-
Expected return on plan assets	(1.24)	-
Net cost recognised during the year/ period	34.92	-

The company's best estimate of contribution during next year is INR 38.15 million (Previous period INR Nil).

JUBILANT GENERICS LIMITED**Notes to the financial statements for the year ended 31 March 2015 (Continued)****Experience adjustment:**

(INR million)

Particulars	31 March 2015	31 March 2014
Defined benefit obligation	109.39	-
Plan assets	17.83	-
Surplus/(deficit)	(91.56)	-
Experience adjustment of plan liabilities-(loss)/gain	(16.50)	-
Experience adjustment on plan assets-(loss)/gain	(0.45)	-

b. Provident Fund

The guidance on implementation of AS-15, Employee Benefits (Revised 2005) issued by Accounting Standard Board (ASB) states that benefits involving provident funds, which require interest shortfall to be compensated, are to be considered as defined benefit plans. The actuary has worked out a liability of INR Nil (Previous period INR Nil) likely to arise towards interest guarantee. The trust is managing common corpus of some of the group companies. The total liability of INR Nil (Previous period INR Nil) as worked out by the actuary has been allocated to each entity based on the corpus value of each entity as on 31 March 2015. Accordingly, liability of INR Nil (Previous period INR Nil) has been allocated to Company and INR Nil (Previous period INR Nil) has been charged to Statement of Profit and Loss during the year. The Company has contributed INR 29.86 million (Previous period INR Nil) to Provident Fund for the year.

(C) Other long-term benefits

(INR million)

	31 March 2015	31 March 2014
Present value of obligation at the end of the year/ period	89.79	-

42. Related Party Disclosures**i) Related parties of the Company****Ultimate Holding Company**

Jubilant Life Sciences Limited

Holding Company

Jubilant Pharma Limited

Fellow Subsidiaries

Jubilant HollisterStier LLC

Jubilant Biosys Limited

Jubilant Cadista Pharmaceuticals Inc.

Jubilant Chemsys Limited

Jubilant Clinsys Limited

Jubilant DraxImage Inc.

JUBILANT GENERICS LIMITED**Notes to the financial statements for the year ended 31 March 2015 (Continued)**

Jubilant Pharma Holdings Inc.
 Jubilant Pharma Trading Inc.
 Jubilant Life Sciences (USA) Inc.
 Jubilant Clinsys Inc.

Subsidiary

Jubilant Pharma NV

Step-down Subsidiaries

Jubilant Pharmaceuticals NV
 PSI Supply NV

Other Entities

Jubilant HollisterStier General Partnership
 Jubilant Agri and Consumer Products Limited
 Vam Employees Provident Fund Trust

Key Management Personnel

Mr. Amit Chaurasia (Company Secretary)

ii) Transactions with related parties

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

(INR million)

Particulars	For the year ended 31 March 2015	For the period 25 November 2013 to 31 March 2014
Sale of goods and services:		
Jubilant Cadista Pharmaceuticals Inc.	1,054.06	-
Jubilant Chemsys Limited	0.02	-
Jubilant DraxImage Inc.	2.23	-
Jubilant Life Sciences Limited	19.04	-
Jubilant Pharma Trading Inc.	1,007.96	-
PSI Supply NV	208.13	-
Jubilant Pharmaceuticals NV	8.35	-
Purchase of goods and services:		
Jubilant Life Sciences Limited	52.87	-
Jubilant HollisterStier General Partnership	25.09	-
Jubilant Life Sciences Limited	2.81	-
Jubilant Pharmaceuticals NV	0.22	-
Interest expense:		
Jubilant Life Sciences Limited	416.19	-
Jubilant Pharma Limited	389.62	-
Reimbursement of expenses:		
Jubilant HollisterStier General Partnership	0.01	-
Jubilant HollisterStier LLC	23.79	-

JUBILANT GENERICS LIMITED
Notes to the financial statements for the year ended 31 March 2015 (Continued)

Particulars	For the year ended 31 March 2015	For the period 25 November 2013 to 31 March 2014
Jubilant Biosys Limited	0.20	-
Jubilant Cadista Pharmaceuticals Inc.	31.60	-
Jubilant Clinsys Limited	0.40	-
Jubilant DraxImage Inc.	4.14	-
Jubilant Life Sciences Limited	201.22	-
Jubilant Pharmaceuticals NV	94.36	-
PSI Supply NV	5.58	-
Jubilant Clinsys Inc.	0.16	-
Rent expense:		
Jubilant Clinsys Limited	0.11	-
Jubilant Life Sciences Limited	43.48	-
Business purchase consideration:		
Jubilant Life Sciences Limited (net of debts of INR 3,923 million) – refer note 31	9,293.00	-
Issue of 12% Unsecured compulsorily convertible debentures:		
Jubilant Pharma Limited	4,341.00	-
Recovery of expenses:		
Jubilant HollisterStier General Partnership	1.89	-
Jubilant HollisterStier LLC	3.49	-
Jubilant Cadista Pharmaceuticals Inc.	1.09	-
Jubilant Chemsys Limited	3.27	-
Jubilant DraxImage Inc.	0.80	-
Jubilant Pharma Holdings Inc.	1.09	-
Jubilant Pharma Limited	0.29	-
Jubilant Agri and Consumer Products Limited	2.12	-
Purchase of investments:		
Jubilant Life Sciences Limited (net of debts of INR 1,897 million) – refer note 32	2,158.00	-
Purchase of fixed assets:		
Jubilant Chemsys Limited	0.20	-
Company's contribution to Provident Fund Trust:		
Vam Employees Provident Fund Trust	29.86	-
Issue of equity share capital (including securities premium):		
Jubilant Pharma Limited	4,117.40	1.00
Remuneration and related expenses *:		
Mr. Amit Chaurasia	1.77	-

*excludes provision for gratuity and compensated absences, as these are determined on the basis of actuarial valuation for the Company as a whole.

JUBILANT GENERICS LIMITED**Notes to the financial statements for the year ended 31 March 2015 (Continued)**

ii) Balance at the yearend/period end

(INR million)

Particulars	31 March 2015	31 March 2014
Trade and other payables:		
Jubilant Cadista Pharmaceuticals Inc.	2.58	-
Jubilant Clinsys Limited	20.66	-
Jubilant DraxImage Inc.	13.88	-
Jubilant HollisterStier General Partnership	22.70	-
Jubilant HollisterStier LLC	23.69	-
Jubilant Life Sciences Limited	42.50	-
Jubilant Pharmaceuticals NV	109.25	-
PSI Supply NV	13.47	-
Vam Employees Provident Fund Trust	8.78	-
12% unsecured compulsorily convertible debentures:		
Jubilant Pharma Limited	4,341.00	-
Interest payable:		
Jubilant Pharma Limited	109.18	-
Jubilant Life Sciences Limited	374.58	-
Payable against purchase of business:		
Jubilant Life Sciences Limited	4,153.43	-
Trade and other receivables:		
Jubilant Cadista Pharmaceuticals Inc.	559.87	-
Jubilant Clinsys Limited	1.89	-
Jubilant DraxImage Inc.	2.27	-
Jubilant HollisterStier General Partnership	1.76	-
Jubilant HollisterStier LLC	3.48	-
Jubilant Life Sciences (USA) Inc.	18.78	-
Jubilant Pharma Holdings Inc.	1.09	-
Jubilant Life Sciences Limited	19.04	-
Jubilant Pharma Limited	0.15	-
Jubilant Pharma Trading Inc.	296.60	-
Jubilant Pharmaceuticals NV	67.68	-
PSI Supply NV	82.42	-
Jubilant Agri and Consumer Products Limited	0.22	-

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.

JUBILANT GENERICS LIMITED**Notes to the financial statements for the year ended 31 March 2015 (Continued)****43. Employee stock option scheme**

Jubilant Life Sciences Limited (JLSL), the ultimate holding company, is entitled to grant stock options to the employees of its subsidiaries under the following stock option plans:

- Jubilant Employees Stock Option Plan, 2005 (“Plan 2005”)
- JLL Employees Stock Option Plan, 2011 (“Plan 2011”)

During the current year, JLSL transferred certain employees to the Company on account of sale of businesses as explained in note 31. JLSL had earlier granted its options under above mentioned stock option plans to these employees while they were in service with JLSL and those options have been carried forward after transfer as well.

The terms and conditions and other required disclosures of the above mentioned stock options plans is set out below:

Under Plan 2005, as amended, and under Plan 2011, options are to be granted at market price. As per the SEBI Guidelines applicable to JLSL the market price is taken as the closing price on the day preceding the date of grant of options, on the stock exchange where the trading volume is the highest. Under Plan 2005, each option, upon vesting, shall entitle the holder to acquire five equity shares of INR 1 each. Options granted up to 28 August 2009 will vest entirely within two years from the grant date, with certain lock-in provisions. Options granted after 28 August 2009 will vest gradually over a period of 5 years from the grant date, without any lock-in provisions.

Under Plan 2011, each option, upon vesting, shall entitle the holder to acquire one equity share of INR 1 each. Options granted will vest gradually over a period of 3 years from the grant date. Vesting of Options is a function of achievement of performance criteria or any other criteria, as specified and communicated in the grant letter.

Summary of vesting and lock-in provisions are given below:

Plan 2005						Plan 2011		
Vesting schedule (With lock in) Applicable for grants made up to 28 August 2009			Vesting schedule(Without lock in) Applicable for grants made after 28 August 2009			Vesting schedule		
% of options scheduled to vest	Vesting Date	Lock-in period	% of options scheduled to vest	Vesting date	Lock-in period	% of options schedule d to vest	Vesting date	Lock-in period
10	1 year from grant date	Nil	10	1 year from grant date	Nil	20	1 year from grant date	Nil
15	2 years from grant date	Nil	15	2 years from grant date	Nil	30	2 years from grant date	Nil
20	2 years from grant date	1 year from vesting date	20	3 years from grant date	Nil	50	3 years from grant date	Nil

JUBILANT GENERICS LIMITED

Notes to the financial statements for the year ended 31 March 2015 (Continued)

Plan 2005						Plan 2011		
Vesting schedule (With lock in) Applicable for grants made up to 28 August 2009			Vesting schedule(Without lock in) Applicable for grants made after 28 August 2009			Vesting schedule		
% of options scheduled to vest	Vesting Date	Lock-in period	% of options scheduled to vest	Vesting date	Lock-in period	% of options schedule d to vest	Vesting date	Lock-in period
25	2 years from grant date	2 years from vesting date	25	4 years from grant date	Nil			
30	2 years from grant date	3 years from vesting date	30	5 years from grant date	Nil			

The details of the stock options under both the plans as at the end of the year/ period are set out below:

Particulars	Plan 2005		Plan 2011	
	Number of Options	Weighted Average Exercise Price (INR)	Number of Options	Weighted Average Exercise Price (INR)
Options outstanding as at 31 March 2015	12,600	254.80	158,664	209.87
Options outstanding as at 31 March 2014	-	-	-	-

Jubilant Life Sciences Limited has opted for intrinsic value method of accounting for Employee Stock Options. As market price of the options is equal to the exercise price on the date of grant, intrinsic value is INR Nil. Hence, there is no cost charged to the Statement of Profit and Loss on account of options granted to employees of Jubilant Generics Limited under the Employee Stock Option Plans.

The differential stock compensation expense if the "fair value" of the options on the date of grant was considered instead of the "intrinsic value" during the year ended 31 March 2015 is not material. Consequently, there is no material impact on earnings/(loss) per share for the year.

Stock compensation expense under the Fair Value Method has been determined based on fair value of the stock options. The fair value of stock options was determined using the Black Scholes option pricing model with the following assumptions:

Particulars	Plan 2005	Plan 2011
Expected volatility	29.73% - 41.76%	38.36% - 45.95%
Risk free interest rate	7.52% - 9.44%	7.74% - 8.81%
Exercise price (Rs.)	198.55 - 359.25	170.20 - 220.90
Expected dividend yield	0.51% - 0.90%	0.63% - 1.10%
Life of options (years)	4.25	3.65
Weighted average fair value of options as at the grant date (Rs.)	215.84	209.05

JUBILANT GENERICS LIMITED**Notes to the financial statements for the year ended 31 March 2015 (Continued)**

44. As per Accounting Standard (AS) 20 on "Earning per Share" (EPS), the particulars of EPS for equity shareholders are as below:

Particulars	For the year ended 31 March 2015	For the period 25 November 2013 to 31 March 2014
Loss attributable to the equity shareholders (INR million)	(820.87)	(0.41)
Weighted average no. of equity shares (face value of INR 10 each)	794,882	27,778
Basic and diluted loss per equity share (INR) #	(1,032.69)	(14.64)

as the potential equity shares are anti-dilutive, the effect of the same is ignored in calculating diluted earnings per share as per the requirements of Accounting Standard 20 - "Earnings per share".

Weighted average number of equity shares for earnings per share computation:

Particulars	For the year ended 31 March 2015	For the period 25 November 2013 to 31 March 2014
Numbers of shares at the beginning	100,000	-
Add: Shares issued during the year/ period	823,480	100,000
Weighted average number of equity shares on the basis of number of days	794,882	27,778

45. a) Expenditure in foreign currency (on accrual basis):

(INR million)

Particulars	For the year ended 31 March 2015	For the period 25 November 2013 to 31 March 2014
Commission on export sales	36.16	-
Legal, professional and consultancy charges	32.75	-
Product development expenses	85.42	-
Travel /entertainment expenses	15.86	-
Trading goods	14.48	-
Rates and taxes	83.68	-
Others	7.79	-

- b) Value of imports on C.I.F. basis:

(INR million)

Particulars	For the year ended 31 March 2015	For the period 25 November 2013 to 31 March 2014
Capital goods	136.74	-
Store, spares, chemicals and packing materials	55.22	-
Raw materials	1,338.11	-

JUBILANT GENERICS LIMITED

Notes to the financial statements for the year ended 31 March 2015 (Continued)

c) Earnings in foreign currency:

(INR million)

Particulars	For the year ended 31 March 2015	For the period 25 November 2013 to 31 March 2014
Export sales-net of returns (FOB value)	5,276.50	-
Services and other operating income	69.49	-

46. Hedging and Derivatives

- I. The Company uses 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. The following are the outstanding derivative contracts entered into by the Company:

Particulars	Currency	Cross Currency	Amount (in million)	Buy/Sell
As at 31 March 2015:				
Forward contracts	USD	INR	USD 29.00	Sell
As at 31 March 2014:				
Forward contracts	-	-	-	-

II. Foreign currency exposure not hedged by derivative instrument:

Particulars	As at 31 March 2015	As at 31 March 2014
Amount receivable on account of sale of goods and services and loans and advances	USD 26.26	-
	EUR 2.49	-
	GBP 0.07	-
	CAD 0.17	-
Amount payable on account of purchase of goods and services and loans	USD 13.53	-
	JPY 6.43	-
	EUR 2.22	-
	CAD 0.74	-

The above foreign currency exposure excludes impact of forward contracts taken for hedging currency risk of highly probable forecasted transactions as per note (I) above maturing during the period of recoverability of receivable as per note (II) above.

JUBILANT GENERICS LIMITED

Notes to the financial statements for the year ended 31 March 2015 (Continued)

47. The previous period figures relate to the period 25 November 2013 (date of incorporation) to 31 March 2014 and current year figures include acquisition of business (refer note 31), accordingly, the current year figures are not directly comparable with those of the previous period.

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

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

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

PravinTulsyan

Partner

Membership No.: 108044

Shyam S. Bhartia

Director

DIN: 00010484

R. Sankaraiah

Director

DIN: 00025022

Place: Noida

Date: 12 May 2015

Amit Chaurasia

Company Secretary