

INDEPENDENT AUDITOR'S REPORT

To the Members of Jubilant Chemsys Limited

Report on the Audit of the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Jubilant Chemsys Limited (“the Company”), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

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

whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls with reference to standalone Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements- Refer Note 28B to the standalone Ind AS financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The disclosures in the standalone Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However, amounts as appearing in the audited standalone Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

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

Place: Noida
Date: 7 May 2018

Pravin Tulsyan
Partner
Membership No.: 108044

Annexure A to the Independent Auditor's Report to the Members of Jubilant Chemsys Limited on the standalone Ind AS financial statements for the year ended 31 March 2018, we report that:

- (i) (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets. As informed to us, no discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the Company did not own any immovable property. Accordingly, paragraph 3(i)(c) of the Order is not applicable to the Company.
- (ii) According to the information and explanations given to us, the inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. As informed to us, the discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to Companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.
- (iv) According to the information and explanations given to us, provisions of section 186 of the Companies Act 2013 in respect of loan to holding Company have been complied with by the Company. As informed to us, the Company has not made any investments, or provided any guarantee, or security to which provisions of section 186 of the Companies Act, 2013 apply and has not advanced loans to which provisions of section 185 of the companies Act, 2013 apply.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act 2013, and the rules framed there under. Accordingly, para 3(v) of the Order is not applicable to the Company.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013 for any of the activities carried out by the Company. Accordingly, para 3(vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of excise, value added tax, cess and any other statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of customs.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of excise, value added tax, cess and any other statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

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

Name of the Statute	Nature of dues	Amount involved (Rs.in lakhs)	Amounts paid under protest (Rs.in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	4.03	Nil	Financial year 2007-08	ITAT
Income Tax Act, 1961	Income Tax	139.10	Nil	Financial year 2008-09	ITAT
Income Tax Act, 1961	Income Tax	249.37	Nil	Financial year 2009-10	ITAT
Income Tax Act, 1961	Income Tax	473.20	Nil	Financial year 2010-11	ITAT
Income Tax Act, 1961	Income Tax	2905.98	Nil	Financial year 2011-12	ITAT
Income Tax Act, 1961	Income Tax	2818.27	Nil	Financial year 2012-13	ITAT
Income Tax Act, 1961	Income tax	212.57	Nil	Financial year 2013-2014	CIT Appeals
Finance Act, 1994	Service Tax	561.09	Nil	2007-2012	CESTAT
Finance Act, 1994	Service Tax	103.08	Nil	2012-2013	CESTAT
Finance Act, 1994	Service Tax	111.23	Nil	2013-2014	CESTAT
Finance Act, 1994	Service Tax	22.04	Nil	2014-2015	Assistant Commissioner
Finance Act, 1994	Service Tax	24.54	Nil	2014-2015	Assistant Commissioner
Finance Act, 1994	Service Tax	79.17	Nil	2012-2014	Additional Commissioner
Finance Act, 1994	Service Tax	1.13	Nil	2016	Assistant Commissioner
Finance Act, 1994	Service Tax	6.80	Nil	2011-2012	CESTAT

- (viii) According to the information and explanations given to us, the Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, para 3(viii) of the Order is not applicable to the Company.
- (ix) Based on our examination of books of account and according to the information and explanations given to us, no term loan was taken by the Company and has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) Based on our examination of the books of accounts and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us, and based on our examination of the records of the Company, the Company has not paid/provided for any managerial remuneration during the year as mentioned under section 197 read with Schedule V of the Companies Act, 2013. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) Based on our examination of books of account and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 188 of the Act where applicable and the details have been disclosed in the financial statements. As informed to us, requirements as stipulated by the provisions of section 177 of the Act are not applicable to the Company.
- (xiv) Based on our examination of the books of account and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Place: Noida
Date: 7 May 2018

Pravin Tulsyan
Partner
Membership No.: 108044

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

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

We have audited the internal financial controls with reference to standalone Ind AS financial statements of **Jubilant Chemsys Limited** ("the Company") as of 31 March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone Ind AS financial statements included obtaining an understanding of internal financial controls with reference to standalone Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to standalone Ind AS financial statements.

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

A Company's internal financial control with reference to Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of standalone Ind AS financial statements and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to standalone Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone Ind AS financial statements.

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

Because of the inherent limitations of internal financial controls with reference to standalone Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control with reference to standalone Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to standalone Ind AS financial statements and such internal financial controls with reference to standalone Ind AS financial statements were operating effectively as at 31 March 2018, based on the internal control with reference to standalone Ind AS financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place: Noida
Date: 7 May 2018

Pravin Tulsyan
Partner
Membership No.: 108044

Jubilant Chemsys Limited
Balance Sheet as at 31 March 2018

(INR In Thousands)

	Notes	As at 31 March 2018	As at 31 March 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	232,362	226,627
Capital work-in-progress	3	15,303	8,266
Other intangible assets	4	2,510	1,358
Financial assets			
i. Investments	5	41,079	-
ii. Loans	6	10,241	10,241
iii. Other financial assets	7	1,000	500
Deferred tax assets (net)	8	87,540	114,426
Income tax asset (net)		40,499	39,276
Other non-current assets	9	2,748	43
Total non-current assets		433,282	400,737
Current assets			
Inventories	10	34,205	37,727
Financial assets			
i. Trade receivables	11	123,575	188,309
ii. Cash and cash equivalents	12(a)	16,202	106,102
iii. Other bank balances	12(b)	4,080	3,381
iv. Loans	6	220,848	706
v. Other financial assets	7	5,112	4,323
Other current assets	13	67,928	43,804
Total current assets		471,950	384,352
Total assets		905,232	785,089
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	19,998	19,998
Other equity	14	718,011	623,685
Total equity		738,009	643,683
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
i. Borrowings	15	5,265	4,967
Provisions	16	44,003	35,740
Total non-current liabilities		49,268	40,707
Current liabilities			
Financial liabilities			
i. Trade payables	17	55,027	51,619
ii. Other financial liabilities	18	19,370	17,716
Other current liabilities	19	36,863	6,067
Provisions	16	6,695	5,358
Current tax liabilities		-	19,939
Total current liabilities		117,955	100,699
Total liabilities		167,223	141,406
Total equity and liabilities		905,232	785,089

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

As per our report of even date attached

For BSR & Co. LLP

Chartered Accountants

ICAI Firm registration number : 101248W/W-100022

Pravin Tulsyan

Partner

Membership No: 108044

Place : Noida

Date: 7 May 2018

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

Shyamsundar Bang

Director

DIN: 00011327

Benny Thomas

Director

DIN: 0724156

Noopur Agarwal

Company Secretary

Jubilant Chemsys Limited
Statement of Profit and Loss for the year ending 31 March 2018

		(INR In Thousands)	
	Notes	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue from operations	20	1,007,663	987,173
Other income	21	6,491	1,608
Total income		1,014,154	988,781
Expenses			
Changes in inventories of work-in-progress and finished goods	22	3,342	(31,342)
Employee benefits expense	23	302,597	282,963
Finance costs	24	4,336	680
Depreciation and amortisation expense	25	44,433	57,488
Other expenses	26	503,872	522,672
Total expenses		858,580	832,461
Profit before tax		155,574	156,320
Tax expense	27		
- Current tax		33,399	32,959
- MAT credit utilisation		23,562	23,819
- Deferred tax		3,657	(36,378)
Total tax expense		60,618	20,400
Profit for the year		94,956	135,920
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Re-measurement of defined benefit obligations		(963)	(1,497)
Income tax relating to these items		333	518
Other comprehensive income for the year, net of tax		(630)	(979)
Total comprehensive income for the year		94,326	134,941
Earnings per equity share of Rs. 10 each	36		
Basic earnings per share		47.48	67.97
Diluted earnings per share		11.58	16.58

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

As per our report of even date attached

For BSR & Co. LLP
Chartered Accountants
ICAI Firm registration number : 101248W/W-100022

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

Pravin Tulsyan
Partner
Membership No: 108044

Shyamsundar Bang
Director
DIN: 00011327

Benny Thomas
Director
DIN: 07241561

Place : Noida
Date: 7 May 2018

Noopur Agarwal
Company Secretary

Jubilant Chemsys Limited
Statement of cash flows for the year ended 31 March 2018

	(INR in Thousands)	
	For the year ended 31 March 2018	For the year ended 31 March 2017
A. Cash flows from operating activities		
Net profit before tax	155,574	156,320
Adjustments :		
Depreciation and amortisation expense	44,433	57,488
Loss on sale/ disposal/ discard of property, plant and equipment (net)	684	1,688
Finance costs	4,336	680
Provision/write off bad debts (net)	8	-
Unrealised foreign exchange (gain)/ loss	(2,628)	2,585
Interest income	(5,184)	(1,608)
	41,649	60,833
Operating cash flows before working capital changes	197,223	217,154
Decrease/(increase) in trade receivables, other financial assets and other asset:	42,452	(43,983)
Decrease/(increase) in inventories	3,522	(31,173)
Increase/(decrease) in trade payables, provisions and other liability	42,798	(2,804)
Cash generated from operations	285,995	139,194
Income tax paid (net of refund)	(54,561)	(16,156)
Net cash generated from operating activities (A)	231,434	123,038
B. Cash flow from investing activities		
Purchase of property, plant and equipment, other intangible assets including capital work-in-progress	(59,047)	(69,024)
Proceeds from sale of property, plant and equipment	424	504
Movement in other bank balance:	(1,199)	(203)
Interest received	5,257	1,616
Purchase of investment in subsidiary	(41,079)	-
Loan given to related party	(220,000)	-
Net cash used in investing activities (B)	(315,644)	(67,107)
C. Cash flow arising from financing activities		
Principal payments under finance lease	(1,354)	(351)
Finance costs paid	(4,336)	(427)
Net cash used in financing activities (C)	(5,690)	(778)
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(89,900)	55,152
Add: cash and cash equivalents at the beginning of year	106,102	50,950
Cash and cash equivalents at the end of the year (Refer Note 12(a))	16,202	106,102

Notes:

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

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

As per our report of even date attached

For BSR & Co. LLP

Chartered Accountants

ICAI Firm registration number : 101248W/W-100022

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

Pravin Tulsyan

Partner

Membership No: 108044

Shyamsundar Bang

Director

DIN: 00011327

Benny Thomas

Director

DIN: 07241561

Place : Noida

Date: 7 May 2018

Noopur Agarwal

Company Secretary

Jubilant Chemsys Limited
Statement of changes in Equity for the year ended 31st March 2018

(INR in Thousands)

a) Equity share capital	Note	No. of shares	Amount
Balance as at 1 April 2016	14	1,999,766	19,998
Changes in equity share capital during the year			-
Balance as at 31 March 2017	14	1,999,766	19,998
Changes in equity share capital during the year			-
Balance as at 31 March 2018	14	1,999,766	19,998

b) Other Equity

(INR in Thousands)

	Preference share capital	Reserves and surplus			Total
		Capital reserve	Capital redemption reserve	Retained earnings	
Balance as at 1 April 2016	62,000	1,655	388,500	36,589	488,744
Profit for the year	-	-	-	135,920	135,920
Other comprehensive income	-	-	-	(979)	(979)
Balance as at 31 March 2017	62,000	1,655	388,500	171,530	623,685
Balance as at 1 April 2017	62,000	1,655	388,500	171,530	623,685
Profit for the year	-	-	-	94,956	94,956
Other comprehensive income	-	-	-	(630)	(630)
Balance as at 31 March 2018	62,000	1,655	388,500	265,856	718,011

Refer note 14 for nature and purpose of equity.

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

As per our report of even date attached

For BSR & Co. LLP

Chartered Accountants

ICAI Firm registration number : 101248W/W-100022

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

Pravin Tulsyan

Partner

Membership No: 108044

Shyamsundar Bang

Director

DIN: 00011327

Benny Thomas

Director

DIN: 07241561

Place : Noida

Date: 7 May 2018

Noopur Agarwal

Company Secretary

Note 1: Corporate Information

Jubilant Chemsys Limited (the Company) is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 1956 and is the wholly owned subsidiary of Jubilant Life Sciences Limited (the ultimate holding company). The Company is into drug discovery services and offers discovery chemistry services, medicinal chemistry services, hit to lead and lead optimization and scaling up from mg to kg in kilo lab and pilot plant to global drug discovery companies.

Note 2: Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. The accounting policies adopted are consistent with those of the previous financial year except for adoption of the following amendment in the Ind AS 7 effective from the current year. The said amendment requires the Company to provide disclosures which will enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The adoption of the above amendment to the Standard does not have any significant impact on the financial position or performance of the Company.

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

(a) Basis of preparation

(i) Statement of Compliance

These Standalone Ind AS financial statements (“financial statements”) have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (“the Act”) and other relevant provisions of the Act. All the amounts included in the financial statements are reported in thousands of Indian Rupees (‘Rupees’ or ‘INR’) and are rounded to the nearest thousands, except per share data and unless stated otherwise.

These Standalone Ind AS financial statements are authorized for issue by the Company’s Board of Directors on 7 May 2018.

(ii) *Historical cost convention*

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

(b) Current versus non-current classification

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

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

The Company classifies all other assets as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

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

(i) Property, plant and equipment

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

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

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

(ii) Intangible assets

Acquired intangible assets

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

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

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

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

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

Category of assets	Management estimate of useful life	Useful life as per Schedule II
Motor Vehicles under finance lease	Tenure of lease or 5 years whichever is shorter	8 years
Computer servers and networks	5 years	6 years
Employee perquisite related assets (except end user computers)	5 years, being the period of perquisite scheme	10 years

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

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

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

(iv) **Derecognition**

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

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

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

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

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

(e) Impairment of non-financial assets

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

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

The recoverable amount of a CGU is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

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

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

(f) Financial instrument

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

Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

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

Debt instruments at amortised cost

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

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

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

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

Debt instrument at FVOCI

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

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

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

Debt instrument at FVPL

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

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

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

Equity investments

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

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

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

Impairment of financial Assets

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

Derecognition of financial asset

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

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

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

Financial liabilities

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

Derecognition of financial liabilities

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

Offsetting

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

(g) Inventories

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

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

Consumables, stores and spares	Weighted average method
Work-in-progress	Actual cost including an appropriate share of variable and fixed overheads. Fixed overheads are included based on No. of Man months deployed on particular project
Goods in transit	Cost of purchase

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

(h) Cash and cash equivalents

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

(i) Provisions

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

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

(j) Revenue recognition

Revenue from services rendered is recognized when the services have been rendered, recovery of the consideration is reasonably assured and the amount of revenue can be measured reliably on the following criteria:

- 1) In respect of the projects taken up as per the specification of the customers, revenue is recognized on the approval of/delivery of compounds to the customers. Undelivered compound are shown under deferred revenue.
- 2) In respect of full time equivalent contracts, revenue is recognized on the basis of billable man-days actually spent.

(k) Employee benefits

(i) *Short-term employee benefits:* All employee benefits falling due within twelve months of the end of the period in which the employees render the related services are classified as short-term employee benefits, which include benefits like salaries, wages, short term compensated absences, performance incentives, etc. and are recognised as expenses in the period in which the employee renders the related service and measured accordingly.

(ii) *Post-employment benefits:* Post employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

a) Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. The liability in respect of Gratuity is recognised in the books of accounts based on actuarial valuation by an independent actuary.

b) Provident fund

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

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

(iii) Other long-term employee benefits:

Compensated absences

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

(iv) Termination benefits:

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

Actuarial valuation

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

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

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

(l) Finance costs

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

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

(m) Income tax

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

• **Current tax:**

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

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

• **Deferred tax:**

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

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

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

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

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

(n) Leases

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

Finance leases

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

Operating leases

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

(o) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

(p) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(ii) Diluted earnings per share

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

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

(q) Measurement of fair values

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

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

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

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

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

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

(r) Share- Based payments

Certain employees of the Company are in receipt of stock options from Jubilant Life Sciences Limited. The grant date fair value of options granted (net of estimated forfeiture) to employees of the Company is recognized as an employee expense. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognized in connection with share based payment transaction is presented as a separate component in equity under “capital reserve”. The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest. For the option awards, grant date fair value is determined under the option-pricing model (Black- Scholes Merton). Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures materially differ from those estimates.

(s) Critical estimates and judgements

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

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

- Recognition and estimation of current tax and deferred expense – Note 27
- Assessment of useful life of property, plant & equipment and intangible asset – Note 2(c)
- Estimation of assets and obligations relating to employee benefits – Note 30
- Estimated impairment of financial assets and non-financial assets – Note 2(e) & (f)
- Valuation of Inventories – Note 2(g)
- Recognition and measurement of contingency : Key assumption about the likelihood and magnitude of an outflow of resources – Note 28
- Lease classification – Note 29(b)
- Fair Value measurement – Note 2 (q)

(t) Recent accounting pronouncements

Applicable standards issued but not yet effective

Ind AS 115 – Revenue from contracts with customers

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

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

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

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

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

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

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

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

Note 3: Property, plant and equipment and capital work in progress

(INR in Thousands)

Description	Plant and equipment	Furniture and fixtures*	Vehicles leased**	Office equipment	Total	Capital work-in-progress
Gross carrying amount						
As at 1 April 2016	240,069	24,626	-	7,564	272,259	1,671
Additions	56,187	671	6,419	5,096	68,373	68,550
Disposals/adjustment	(3,557)	(50)	-	(268)	(3,875)	(61,955)
Gross carrying value as at 31 March 2017	292,699	25,247	6,419	12,392	336,757	8,266
Accumulated depreciation as at 1 April 2016	47,979	6,525	-	1,293	55,797	-
Depreciation charge for the year	48,391	4,843	514	2,270	56,018	-
Disposals	(1,602)	(43)	-	(40)	(1,685)	-
Accumulated depreciation as at 31 March 2017	94,768	11,325	514	3,523	110,130	-
Net Carrying amount as at 31 March 2017	197,931	13,922	5,905	8,869	226,627	8,266

Description	Plant and equipment	Furniture and fixtures	Vehicles leased**	Office equipment	Total (A)	Capital work in progress
Gross carrying amount						
As at 1 April 2017	292,699	25,247	6,419	12,392	336,757	8,266
Additions	41,305	1,292	2,256	5,306	50,159	54,940
Disposals/adjustment	(4,598)	(397)	-	(1,576)	(6,571)	(47,903)
Gross carrying value as at 31 March 2018	329,406	26,142	8,675	16,122	380,345	15,303
Accumulated depreciation as at 1 April 2017	94,768	11,325	514	3,523	110,130	-
Depreciation charge for the year	35,636	2,839	1,662	3,179	43,316	-
Disposals	(3,586)	(380)	-	(1,497)	(5,463)	-
Accumulated depreciation as at 31 March 2018	126,818	13,784	2,176	5,205	147,983	-
Net carrying amount as at 31 March 2018	202,588	12,358	6,499	10,917	232,362	15,303

Notes:

- i) *Furniture and fixture includes leasehold improvements
- ii) ** Addition pertains to assets acquired under finance lease.

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

Note 4: Other intangible assets

(INR in Thousands)	
Description	Software
Gross carrying amount	
As at 1 April 2016	4,658
Additions	-
Disposal	-
Gross carrying value as at 31 March 2017	4,658
Accumulated amortisation as at 1 April 2017	1,830
Amortisation for the year	1,470
Disposal	-
Accumulated amortisation as at 31 March 2017	3,300
Net carrying amount as at 31 March 2017	1,358

(INR in Thousands)	
Description	Software
Gross carrying amount	
As at 1 April 2017	4,658
Additions	2,269
Disposal	-
Gross carrying value as at 31 March 2018	6,927
Accumulated amortisation as at 1 April 2017	3,300
Amortisation for the year	1,117
Accumulated amortisation as at 31 March 2018	4,417
Net Carrying amount as at 31 March 2018	2,510

Additions Represent amount capitalised out of capital work in progress amounting to INR 2,269 Thousands (Previous year INR NIL Thousands) during the year ended 31st March 2018.

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

Note 5: Investments

	(INR in Thousands)	
	As at 31 March 2018	As at 31 March 2017
Investment in equity shares (at cost)		
Unquoted investments in subsidiary company, (fully paid up)		
19,99,766 (31st March 2017: Nil) equity shares of INR 10 each		
Jubilant Clinsys Limited	41,079	-
Total non-current investments	41,079	-

Note: 6 Loans

	(INR in Thousands)			
	As at 31 March 2018		As at 31 March 2017	
	Current	Non-current	Current	Non-current
Unsecured, considered good				
Security deposits	-	10,241	-	10,241
Loan to related parties (refer note 34)	220,000	-	-	-
Short term deposit	89	-	-	-
Loan to employees	759	-	706	-
Total loans	220,848	10,241	706	10,241

Note: 7 Other financial assets

	(INR in Thousands)			
	As at 31 March 2018		As at 31 March 2017	
	Current	Non-current	Current	Non-current
Deposits with maturity after 12 months from the reporting date*	-	1,000	-	500
Unbilled revenue	4,799	-	3,736	-
Interest receivable	313	-	387	-
Others	-	-	200	-
Total other financial assets	5,112	1,000	4,323	500

*The deposits have restricted use.

Note 8: Deferred tax

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

	(INR in Thousands)	
	As at 31 March 2018	As at 31 March 2017
Provision for compensated absences and gratuity	14,763	14,223
Expenditure allowed on actual payment basis	2,631	2,976
MAT Credit Entitlement	53,967	77,530
Accelerated depreciation for tax purposes	14,106	17,597
Others	2,073	2,100
	87,540	114,426

Reflected in the balance sheet as follows:

	(INR in Thousands)	
	As at 31 March 2018	As at 31 March 2017
Deferred tax assets	87,540	114,426
Deferred tax liabilities:	-	-
Deferred tax assets, net	87,540	114,426

Reconciliation of Deferred tax Assets (net):

	(INR in Thousands)	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Balance at the commencement of the year	114,426	101,349
Expense during the period recognised in statement of profit or loss	(27,219)	12,559
Credit during the period recognised in OCI	333	518
Balance at the end of the year	87,540	114,426

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

Expiry period of unused tax losses:

Below is the summary of unused tax losses and unabsorbed depreciation available to reduce future income-taxes and the period of expiry if the same is not used:

	(INR in Thousands)	
	As at	As at
	31 March 2018	31 March 2017
Unused tax losses	53,967	77,529
Period of expiry	AY 2026-27	AY 2025-26

Note 9: Other non-current assets

	(INR in Thousands)	
	As at	As at
	31 March 2018	31 March 2017
Capital advances	2,748	43
Total other non-current assets	2,748	43

Note 10: Inventories

	(INR in Thousands)	
	As at	As at
	31 March 2018	31 March 2017
Raw material	6,150	10,002
Work-in-progress	27,647	27,137
Stores and spares	408	588
Total inventories	34,205	37,727

Note 11: Trade receivables

	(INR in Thousands)	
	As at	As at
	31 March 2018	31 March 2017
Trade receivables		
Unsecured, considered good		
Trade receivables	122,526	151,861
Receivables from related parties (Refer note 34)	1,195	36,586
Less: Expected credit loss allowance (Refer note 32)	(146)	(138)
Total trade receivables	123,575	188,309

Note: 12 (a) Cash and cash equivalents

	(INR in Thousands)	
	As at	As at
	31 March 2018	31 March 2017
Balances with banks		
- in current accounts	12,074	46,479
- on deposits accounts repayable on demand	-	59,580
Cash on hand	12	29
Cheques/ draft on hand	53	-
Others		
Funds in transit	4,063	-
Imprest and meal vouchers	-	14
Total cash and cash equivalents	16,202	106,102

Disclosure on Specified Bank Notes

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

Particular	SBNs (1)	Other denomination Notes	Total
Closing cash in hand as on 8 November 2016	80	2	82
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-1.5	-1.5
(-) Amount deposited in Banks	-80	-	-80
Closing cash in hand as on 30 December 2016	-	0.5	0.5

For the purpose of this clause, the term "specified bank Notes" has the same meaning provided in the notification of the Government of India, in the Ministry of Finance Department of Economic Affairs number S.O.3407(E), dated 8 Nov 2016. "The specified bank notes are no longer in existence. Hence, the Company has not provided the corresponding disclosures for current year as prescribed in Schedule III to the Companies Act, 2013."

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

Note: 12 (b) Other bank balances

	(INR in Thousands)	
	As at	As at
	31 March 2018	31 March 2017
Deposits accounts with maturity up to twelve months from the reporting date- held as margin money*	4,080	3,381
Total other bank balance	4,080	3,381

*The amount of other bank balances have restricted use.

Note 13: Other current assets

	(INR in Thousands)	
	As at	As at
	31 March 2018	31 March 2017
Prepaid expenses	5,944	7,583
Balances with govt. authorities	61,653	36,161
Advance to employees	168	54
Advance for supply of goods and services	163	6
Total other current assets	67,928	43,804

Note 14: Equity share capital

	(INR in Thousands)	
	As at	As at
	31 March 2018	31 March 2017
Authorised		
2,000 thousand (31 March 2017: 2,000 thousand) equity shares of Rs. 10 each	20,000	20,000
48,000 thousand (31 March 2017: 48,000 thousand) 8% optionally convertible non-cumulative redeemable preference shares of Rs. 10 each	480,000	480,000
	500,000	500,000
Issued, subscribed and paid up		
1,999.76 thousand (31 March 2017: 1,999.76 thousand) equity shares of Rs. 10 each	19,998	19,998
6,200 thousand (31 March 2017: 6,200 thousand) 8% optionally convertible non-cumulative redeemable preference shares of Rs. 10 each	62,000	62,000
	81,998	81,998

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

Particulars	31 March 2018		31 March 2017	
	Number of shares	INR in Thousands	Number of shares	INR in Thousands
Equity shares				
At the commencement and at the end of the year	1,999,766	19,998	1,999,766	19,998
8% Optionally convertible non-cumulative redeemable preference shares				
At the commencement and at the end of the year	6,200,000	62,000	6,200,000	62,000

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

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

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

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

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

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

31,00,000 Preference Shares are redeemable on 28 January 2020 and 31,00,000 Preference Shares are redeemable on 31 March 2020.

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

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

Particulars	31 March 2018		31 March 2017	
	Number of shares	% holding	Number of shares	% holding
Equity shares of Rs. 10 each fully paid up held by				
Jubilant Drug Development Pte Limited, the holding company (including 6 shares held by Jubilant Drug Development Pte Limited jointly with 6 different individuals)	1,999,766	100%	1,999,766	100%
8% Optionally convertible non- cumulative redeemable preference shares held by				
Jubilant Life Sciences Limited, the ultimate holding company	6,200,000	100%	6,200,000	100%

e) During the five years immediately preceding the financial year 31 March 2018, the Company has not issued any bonus shares and shares for consideration other than cash. The Company has also not bought back any shares.

Nature and purpose of other reserves

Capital reserve

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

Capital redemption reserve

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

Remeasurement of defined benefit obligation

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

Note 15: Borrowings

	(INR in Thousands)	
	As at 31 March 2018	As at 31 March 2017
Long term maturities of Finance lease obligations (secured)	5,265	4,967
Total non-current borrowings	5,265	4,967

Note 15 (a)

	(INR in Thousands)	
	As at 31 March 2018	As at 31 March 2017
Borrowings (including the current maturities on finance lease) at the beginning of the year	6,068	-
Asset purchase during the year	2,256	6,419
Movement due to cash transactions as shown in statement of cash flow	(1,354)	(351)
Borrowings (including the current Maturities on finance lease) at the end of the year	6,970	6,068

Note 15 (b)

Finance lease obligation is secured by hypothecation of specific assets taken under such lease. The same are repayable in maximum period of five years.

Note 16: Provisions

	(INR in Thousands)			
	As at 31 March 2018		As at 31 March 2017	
	Current	Non-current	Current	Non-current
Provision for employee benefits (refer note 30)	6,695	44,003	5,358	35,740
Total provisions	6,695	44,003	5,358	35,740

Note 17: Trade payables

	(INR in Thousands)	
	As at 31 March 2018	As at 31 March 2017
Current		
Trade payables to related parties (note 34)	6,495	8,910
Other trade payables	48,532	42,709
Total trade payables	55,027	51,619

Micro, Small and Medium Enterprises

There are no Micro, Small and Medium Enterprises, to whom the Indian entities owes dues, which are outstanding for more than 45 days as at 31 March 2018. The information as required to be disclosed in relation to Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Indian entities

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

Note 18: Other current financial liabilities

	(INR in Thousands)	
	As at	As at
	31 March 2018	31 March 2017
Current maturities of finance lease obligations (refer note 15(b))	1,705	1,101
Capital creditors	4,331	3,462
Employee benefits payable	4,298	4,692
Other payables	9,036	8,461
Total other current financial liabilities	19,370	17,716

Note 19: Other current liabilities

	(INR in Thousands)	
	As at	As at
	31 March 2018	31 March 2017
Advance from customers	30,932	1,462
Statutory dues payables	5,931	4,605
Total other current liabilities	36,863	6,067

Note 20: Revenue from operations

	(INR in Thousands)	
	For the year ended	For the year ended
	31 March 2018	31 March 2017
Sale of services	1,005,597	985,547
Other operating revenue	2,066	1,626
Total revenue from operations	1,007,663	987,173

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

Note 21: Other income

	(INR in Thousands)	
	For the year ended	For the year ended
	31 March 2018	31 March 2017
Interest income	5,184	1,608
Other non-operating income	18	-
Net foreign exchange gain	1,289	-
Total other income	6,491	1,608

Note 22: Changes in inventories of Raw material & work-in-progress

	(INR in Thousands)	
	For the year ended	For the year ended
	31 March 2018	31 March 2017
Opening balance		
Raw Material	10,002	-
Work-in progress	27,137	5,797
Opening balance	37,139	5,797
Closing balance		
Raw Material	6,150	10,002
Work-in progress	27,647	27,137
Closing balance	33,797	37,139
(Increase)/ decrease in inventory	3,342	(31,342)

Note 23: Employee benefit expense

	(INR in Thousands)	
	For the year ended	For the year ended
	31 March 2018	31 March 2017
Salaries, wages, bonus, gratuity and allowances	270,125	255,633
Contribution to provident fund, superannuation and other funds	14,726	12,856
Staff welfare expenses	17,746	14,474
Total employee benefit expense	302,597	282,963

Note 24: Finance costs

	(INR in Thousands)	
	For the year ended	For the year ended
	31 March 2018	31 March 2017
Finance cost on finance lease obligations	1,605	427
Interest expense	2,731	253
Total finance cost	4,336	680

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

Note 25: Depreciation and amortisation expense

	(INR in Thousands)	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Depreciation of property, plant and equipment	43,316	56,018
Amortisation of intangible assets	1,117	1,470
Total depreciation and amortisation expense	44,433	57,488

Note 26: Other expenses

	(INR in Thousands)	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Consumption of stores and spares and packing materials	275,332	296,217
Rent	32,191	32,177
Rates and taxes	256	375
Insurance	2,236	1,791
Advertisement and sales promotion	45,982	46,811
Travelling and conveyance	7,678	6,876
Repairs and maintenance		
Plant and machinery	24,618	25,051
Buildings	3,741	4,085
Others	3,817	4,633
Office expenses	53,190	51,480
Vehicle running and maintenance	882	392
Printing and stationery	1,590	1,472
Telephone and communication charges	1,317	1,454
Staff recruitment and training	2,104	4,837
Donation	983	-
Payments to auditors (refer note (i) below)	100	176
Legal and professional fees	30,940	19,839
Freight and forwarding	6,710	5,051
Subscription	8,360	11,552
Bank charges	1,003	887
Loss on sale/ write off of property, plant and equipment (net)	684	1,688
Provision/write off bad debts (net)	8	138
Foreign exchange loss (net)	-	5,020
Miscellaneous expenses	150	670
Total other expenses	503,872	522,672

(i) Payments to auditors (excluding goods and service tax)

	(INR in Thousands)	
	For the year ended 31 March 2018	For the year ended 31 March 2017
As auditor:		
Statutory audit	100	101
In other capacities		
Certification fees	-	75
Total payments to auditors	100	176

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

Note 27: Income tax

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

Statement of Profit and Loss:

Profit or loss section

	(INR in Thousands)	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Current income tax:		
Current income tax charge for the year	33,304	32,949
Adjustments in respect of current income tax of previous year	95	10
	33,399	32,959
Deferred tax:		
Relating to origination and reversal of temporary differences	3,680	(36,378)
Adjustments in respect of deferred tax of previous year	(23)	-
MAT Credit:		
MAT credit on profits for the year	23,562	23,722
Adjustments in respect of MAT credit of previous year	-	97
Income tax expense reported in the statement of profit or loss	60,618	20,400
<i>OCI section</i>		
Tax related to items that will not be reclassified to Profit & Loss:	(333)	(518)
Income tax charged to OCI	(333)	(518)

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

	(INR in Thousands)	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Accounting profit before income tax	155,574	156,320
At India's statutory income tax rate of 34.608% (31 March 2017: 34.608%)	53,841	54,099
- Effect of non-deductible expenses	1,113	-
- Effect of rate change on deferred tax *	6,327	-
- Effect of unrecognized deferred tax recognised now	-	(33,023)
- True ups of earlier years	72	107
- Others	(735)	(783)
Income tax expense reported in the statement of profit and loss	60,618	20,400

* Adjustment consequent to change in income tax rate from 30% to 25% effective 1 April 2018.

Note 28: Contingent liabilities and contingent assets

Contingent liabilities to the extent not provided for:

A. Guarantees:

Outstanding guarantees furnished by Banks on behalf of the Company are: INR 2,035 Thousands (31 March 2017: INR 2,035 Thousands).

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

(INR in Thousands)

Name of the Statute	Nature of dues	Amount involved	Amounts paid under protest	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	403	Nil	Financial year 2007-08	ITAT
Income Tax Act, 1961	Income Tax	13,910	Nil	Financial year 2008-09	ITAT
Income Tax Act, 1961	Income Tax	24,937	Nil	Financial year 2009-10	ITAT
Income Tax Act, 1961	Income Tax	47,320	Nil	Financial year 2010-11	ITAT
Income Tax Act, 1961	Income Tax	2,90,598	Nil	Financial year 2011-12	ITAT
Income Tax Act, 1961	Income Tax	2,81,827	Nil	Financial year 2012-13	ITAT
Income Tax Act, 1961	Income Tax	21,257	Nil	Financial year 2013-14	CIT Appeals

(INR in Thousands)

Name of the Statute	Nature of dues	As at 31 March 2018	As at 31 March 2017
Finance Act, 1994	Service tax	90,907	162,101

Note 29: Commitments as at year end

a) Capital commitments:

Estimated amount of purchase orders released on account of Capital Expenditure as on 31 March 2018 (Net of advances) is INR 4,017 Thousands (31 March 2017: INR 9,895 Thousands)

b) Leases:

- i) The Company's significant operating lease arrangements are in respect of premises (residential, offices etc.). These leasing arrangements, which are cancellable, range between 11 months and 9 years generally and are usually renewable by mutual agreeable terms. The aggregate lease rentals payable are charged as expenses. Rental payments under such leases are INR 32,191 Thousands (31 March 2017: INR 32,177 Thousands).

ii) Assets acquired under finance lease:

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

(INR in Thousands)

Particulars	Minimum lease payments		Present value of minimum lease payments		Future interest	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Payable in less than one year	3,384	1,989	1,705	1,101	1,679	888
Payable between one and five years	8,727	6,479	5,265	4,967	3,462	1,512
Payable after more than five years	-	-	-	-	-	-

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

c) **Other Commitments:**

The Company is a 100% Export Oriented Unit (EOU) therefore, the Company had to earn positive net foreign exchange over a period of 5 years in view of its recognition as 100% EOU under EOU Scheme 2015-20. However, the company has already achieved the positive net foreign exchange earnings.

Note 30: Employee Benefits in respect of the Company have been calculated as under:

(A) Defined Contribution Plans

The company has certain defined contribution plan such as Provident fund, employee state insurance, employee pension scheme wherein specified percentage is contributed to them. During the year the Company has contributed following amounts to:

(INR in Thousands)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Employer's contribution to provident fund	7,168	6,586
Employer's contribution to employee's pension scheme 1995	5,121	4,789
Employer's contribution to employee state insurance	1,273	386
Total	13,562	11,761

(B) Defined Benefit Plans

i) Gratuity

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The discount rate assumed is 7.70 % p.a. (31 March 2017: 7.50 % p.a.) which is determined by reference to market yield at the Balance Sheet date on Government bonds. The retirement age has been considered at 58 years (31 March 2017: 58 years) and mortality table is as per IALM (2006-08) (31 March 2017: IALM (2006-08)).

The estimates of future salary increases, considered in actuarial valuation is 10% p.a. for first three years and 6% p.a. thereafter (31 March 2017: 10% p.a. for first three years and 6% p.a. thereafter), taking into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

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

Particulars	(INR in Thousands)	
	31 March 2018	31 March 2017
Present value of obligation at the beginning of the year	20,649	15,953
Current service cost	4,273	3,974
Interest cost	1,549	1,260
Actuarial loss	962	1,497
Benefits paid	(1,837)	(2,035)
Present value of obligation at the end of the year	25,596	20,649

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

Particulars	(INR in Thousands)	
	As at 31 March 2018	As at 31 March 2017
Present value of obligation at the end of the year	25,596	20,649
Fair value of plan assets at the end of the year	-	-
Net liabilities recognised in the Balance Sheet	(25,596)	(20,649)

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

Particulars	(INR in Thousands)	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Current service cost	4,273	3,974
Interest cost	1,549	1,260
Net cost recognized in the statement of profit and loss	5,822	5,234

Amount recognized in the other comprehensive income:

Particulars	(INR in Thousands)	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Actuarial (Gain)/Loss due to Demographic assumption change	(33)	(197)
Actuarial (Gain)/Loss due to Financial assumption change	(296)	422
Actuarial (Gain)/Loss due to experience adjustment	1,292	1,272
Amount recognised in the statement of other comprehensive income	963	1,497

Company's best estimate of contribution during next year is INR 6,648 Thousands (31 March 2017: INR 6,039 Thousands)

Sensitivity analysis

Discount Rate

Particulars	(INR in Thousands)			
	31 March 2018		31 March 2017	
Sensitivity level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit	(763)	811	(613)	651

Future salary increase

Particulars	(INR in Thousands)			
	31 March 2018		31 March 2017	
Sensitivity level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit	816	(776)	655	(622)

ii) Other long term benefits (compensated absences & sick leaves):

Particulars	(INR in Thousands)	
	As at 31 March 2018	As at 31 March 2017
Present value of obligation at the end of the year	25,102	20,449

Note 31: Fair value measurements

(INR in Thousands)

	Note	31 March 2018			31 March 17		
		FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial assets							
Trade receivables	(a)	-	-	123,575	-	-	188,309
Cash and cash equivalents	(a)	-	-	16,202	-	-	106,102
Other bank balances	(a),(b)	-	-	4,080	-	-	3,381
Loans	(a),(b)	-	-	231,089	-	-	10,947
Other financial assets	(a),(b)	-	-	6,112	-	-	4,823
Total financial assets		-	-	381,058	-	-	313,562
Financial liabilities							
Borrowings	(c)	-	-	5,265	-	-	4,967
Trade payables	(a)	-	-	55,027	-	-	51,619
Other financial liabilities	(a)	-	-	19,370	-	-	17,716
Total financial liabilities		-	-	79,662	-	-	74,302

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

Note:

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

Particulars	Level of Hierarchy	(INR in Thousands)	
		31 March 2018	31 March 2017
Other borrowings	3	5,265	4,967

Note 32: Financial risk management

A. Financial risk management

i. Risk management framework

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

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

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

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

ii. Credit risk

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

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

Trade and other receivables

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

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

The customer of the company are spread across, North America, Europe, Asia and rest of the world region though majority of customers are based out of North America and accordingly, trade account receivables are concentrated in these geographies. To reduce credit risk, the company has performs ongoing credit evaluation of customers. As of 31st March 2018 and 31st March 2017, one customer (Site One Therapeutics) is having 24%, and (Orion Corporation) 24% share in total trade receivable of the company respectively.

Expected credit loss for trade receivables:

With respect to trade receivables based on the internal assessment which is driven by the historical experience/current facts available in relation to default and delays in collection thereof, the credit risk for trade receivables is considered low. The company estimates its allowance for trade receivable using lifetime expected credit loss. The balance past due for more than 6 month (net of expected credit loss allowance), excluding receivable from group companies is INR 1,750 thousands (31st March 2017 INR 1,750 thousands Movement in expected credit loss allowance of trade receivable are as follows:

(INR in Thousands)

	As at 31 March 2018	As at 31 March 2017
Opening balance as of 1 April	138	-
Add: provided for the year (net of reversal)	8	138
Less: Amount written off	-	-
Balance as at end of the year	146	138

Expected credit loss on financial assets other than trade receivables:

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

iii. Liquidity risk

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

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

Exposure to liquidity risk

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

(INR in Thousands)

As at 31 March 2018	Carrying amount	Total	Contractual Cash Flow	
			Within one year	More than one year
Non-derivative financial liabilities				
Borrowings	5,265	5,265	-	5,265
Trade payables	55,027	55,027	55,027	-
Other financial liabilities	19,370	19,370	19,370	-

(INR in Thousands)

As at 31 March 2017	Carrying amount	Total	Contractual Cash Flow	
			Within one year	More than one year
Non-derivative financial liabilities				
Borrowings	4,967	4,967	-	4,967
Trade payables	51,619	51,619	51,619	-
Other financial liabilities	17,716	17,716	17,716	-

iv. Market risk

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

Currency risk

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

Exposure to currency risk

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

(INR in Thousands)

	31 March 2018				31 March 2017			
	USD	EUR	GBP	CHF	USD	EUR	GBP	CHF
Cash and cash equivalents	7,646	7	-	-	21,468	-	-	-
Trade receivables	117,088	1,422	-	-	170,595	13,177	-	-
Financial assets	-	36	-	-	3,735	-	-	-
Financial Liabilities	30,850	-	-	-	1,462	-	-	-
Trade payables	9,672	-	164	66	9,864	967	585	1,341
Net statement of financial position exposure	84,212	1,465	(164)	(66)	184,472	12,210	(585)	(1,341)

Sensitivity analysis

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

(INR in thousands)

	Profit or loss	
	Strengthening	Weakening
31-Mar-18		
EUR (1% movement)	15	(15)
USD (1% movement)	842	(842)
GBP (1% movement)	(2)	2
CHF (1% movement)	(1)	1
31-Mar-17		
EUR (1% movement)	122	(122)
USD (1% movement)	1,845	(1,845)
GBP (1% movement)	(6)	6
CHF (1% movement)	(13)	13

Exposure to Interest Risk

The Company does not have floating rate borrowings hence does not expose to interest rate risk.

Note 33: Capital management

(a) Risk management

The Company objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

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

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

Note 34: Related Party Disclosures

1. Name of the Related Parties

Particulars	31 March 2018	31 March 2017
Holding Company	Jubilant Drug Development Pte Limited, Singapore	Jubilant Drug Development Pte Limited, Singapore
Intermediate Holding Company	Jubilant Life Sciences (BVI) Limited Drug Discovery and Development Solutions Limited	Jubilant Life Sciences (BVI) Limited Drug Discovery and Development Solutions Limited

Ultimate Holding Company	Jubilant Life Sciences Limited	Jubilant Life Sciences Limited
Subsidiary Company	Jubilant Clinsys Limited w.e.f. 08/09/2017	
Fellow Subsidiaries	Jubilant Biosys Limited	Jubilant Biosys Limited
	Jubilant Discovery Services LLC, USA (formerly Jubilant Discovery Services Inc., USA)	Jubilant Discovery Services LLC, USA (formerly Jubilant Discovery Services Inc., USA)
	Jubilant Generics Limited	Jubilant Generics Limited
Key management personnel(KMP)		Dr. Vikas Shreekrishna Shirsath (for the period 1 April 2016 to 28 April 2016)

31 March 2018

(INR in Thousands)

Sr.No	Particulars	Ultimate Holding Company /Subsidiary/ Fellow Subsidiaries	Total
Description of Transactions:			
1.	Sales of Goods and Services:		
	Jubilant Biosys Limited	114,423	114,423
	Jubilant Life Sciences Limited	59	59
		114,482	114,482
2.	Purchase of Goods and Services:		
	Jubilant Life Sciences Limited	9,108	9,108
		9,108	9,108
3.	Recovery of Expenses:		
	Jubilant Biosys Limited	481	481
	Jubilant Generics Limited	481	481
		962	962
4.	Reimbursement of Expenses:		
	Jubilant Biosys Limited	11,582	11,582
	Jubilant Life Sciences Limited	32,958	32,958
	Jubilant Generics Limited	16,042	16,042
		60,582	60,582
5.	Rent Expenses:		
	Jubilant Life Sciences Limited	9,190	9,190
		9,190	9,190

Sr.No	Particulars	Ultimate Holding Company /Subsidiary/ Fellow Subsidiaries	Total
6.	Business Development Expenses: Jubilant Discovery Services LLC, USA	42,576	42,576
		42,576	42,576
7.	Loan given during the year: Jubilant Life Sciences Limited	2,20,000	2,20,000
		2,20,000	2,20,000
8.	Investment purchased: Jubilant Drug Development Pte Ltd, Singapore	40,975	40,975
		40,975	40,975
9.	Interest Received: Jubilant Life Sciences Limited	1,065	1,065
		1,065	1,065
10.	Amount Outstanding: Trade and other payables: Jubilant Biosys Limited Jubilant Life Sciences Limited Jubilant Discovery Services LLC, USA Jubilant Generics Limited	897 691 3,584 1,323	897 691 3,584 1,323
		6,495	6,495
11.	Trade Receivables: Jubilant Biosys Limited Jubilant Life Sciences Limited	1,137 58	1,137 58
		1,195	1,195
12.	Loan Receivable Outstanding: Jubilant Life Sciences Limited	2,20,000	2,20,000
		2,20,000	2,20,000

(INR in Thousands)

31 March 2017

Sr. No.	Particulars	Ultimate Holding Company / Fellow Subsidiaries	Key management personnel	Total
Description of Transactions:				
1.	Sales of Goods and Services:			
	Jubilant Biosys Limited	80,981	-	80,981
	Jubilant Generics Limited	510	-	510
		81,491	-	81,491
2.	Purchase of Goods and Services:			
	Jubilant Life Sciences Limited	8,506		8,506
		8,506	-	8,506
3.	Recovery of Expenses:			
	Jubilant Biosys Limited	415	-	415
	Jubilant Generics Limited	415	-	415
		830	-	830
4.	Reimbursement of Expenses:			
	Jubilant Biosys Limited	12,977	-	12,977
	Jubilant Life Sciences Limited	21,413	-	21,413
	Jubilant Generics Limited	13,691	-	13,691
		48,081		48,081
5.	Remuneration and Related Expenses:			
	Dr. Vikas Shreekrishna Shrisath	-	403	403
		-	403	403
6.	Rent Expenses:			
	Jubilant Life Sciences Limited	9,007	-	9,007
		9,007	-	9,007
7.	Business Development Expenses:			
	Jubilant Discovery Services LLC, USA	44,428	-	44,428
		44,428	-	44,428
8.	Amount Outstanding:			
	Trade and other payables:			
	Jubilant Biosys Limited	915	-	915
	Jubilant Life Sciences Limited	583	-	583
	Jubilant Discovery Services LLC, USA	7,412	-	7,412
		8,910	-	8,910
9.	Trade Receivables:			
	Jubilant Biosys Limited	36,586	-	36,586
		36,586	-	36,586

Note 35: Segment Reporting

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

Note 36: Earnings per share

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

Particulars	(INR in Thousands)	
	Year ended 31 March 2018	Year ended 31 March 2017
Profit for the year	94,956	135,920
Face value of the equity shares	10	10
Weighted average number of equity shares used in computing earnings per share*		
For basic earnings per share	Nos. 1,999,766	1,999,766
For diluted earnings per share:		
No. of shares for basic earnings per share	Nos. 1,999,766	1,999,766
Add: weighted average outstanding 8% optionally convertible preference shares	Nos. 6,200,000	6,200,000
No. of shares for diluted earnings per share	Nos. 8,199,766	8,199,766
Earnings per share (face value of INR 10 each)		
Basic	INR 47.48	67.97
Diluted	INR 11.58	16.58

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

As per report of even date attached

For B S R & Co. LLP
Chartered Accountants

ICAI Firm registration number : 101248W/W-100022

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

Pravin Tulsyan
Partner
Membership No: 108044

Shyamsundar Bang
Director
DIN: 00011327

Benny Thomas
Director
DIN: 07241561

Noopur Agarwal
Company Secretary

Place : Noida
Date : 7 May 2018