

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF JUBILANT INDUSTRIES INC.USA**

#### **I. Report on the Audit of Financial Statements for the year ended 31<sup>st</sup> March, 2019**

##### **1. Opinion**

- A. We have audited the accompanying Financial Statements of **Jubilant Industries INC.USA** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements").
- B. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

##### **2. Basis for Opinion**

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

##### **3. Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to be communicated in our report.

**4. Information Other than the Financial Statements and Auditor's Report thereon**

- A. The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Financial Statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- B. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**5. Management's Responsibility for the Financial Statements**

- A. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
- B. In preparing the 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.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

**6. Auditor's Responsibilities for the Audit of the Financial Statements**

- A. Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.
- B. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
  - ii) Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls;
  - iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
  - iv) 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
  - v) Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- C. Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.
- D. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- E. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- F. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **II. Report on Other Legal and Regulatory Requirements**

- 1. As required by Section 143(3) of the Act, based on our audit we report to the extent applicable 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 including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account;
  - D. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - E. 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

**K.N. GUTGUTIA & COMPANY**  
**CHARTERED ACCOUNTANTS**

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- i) There were no pending litigations which would impact the consolidated financial position of the company;
- ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
- iii) The Company did not have any dues in respect of investor Education and Protection fund.

For **K.N. Gutgutia & Company**  
Chartered Accountants  
(Firm's Registration No. 304153E)

Sd/-  
**(B.R. GOYAL)**  
Partner  
(Membership No.12172)

Place: Noida  
Date: 07-05-2019

## Balance Sheet as at 31 March 2019

	Notes	USD		(₹ in million)	
		As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	3	490	1,016	0.03	0.06
<b>Total non-current assets</b>		<b>490</b>	<b>1,016</b>	<b>0.03</b>	<b>0.06</b>
<b>Current assets</b>					
Inventories	4	811,681	1,078,109	56.14	70.26
Financial assets					
(i) Trade receivables	5	680,858	859,403	47.09	56.01
(ii) Cash and cash equivalents	6	184,358	89,327	12.75	5.82
Income tax assets (net)		576	1,191	0.04	0.08
Other current assets	7	23,917	1,346	1.65	0.09
<b>Total current assets</b>		<b>1,701,390</b>	<b>2,029,376</b>	<b>117.67</b>	<b>132.26</b>
<b>Total Assets</b>		<b>1,701,880</b>	<b>2,030,392</b>	<b>117.70</b>	<b>132.32</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Equity share capital	8	110	110	0.01	0.01
Other equity	8 (a)	547,228	461,498	37.85	30.07
<b>Total equity</b>		<b>547,338</b>	<b>461,608</b>	<b>37.86</b>	<b>30.08</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Financial liabilities					
(i) Trade payables	9	1,065,102	1,426,082	73.66	92.94
(ii) Other financial liabilities	10	55,031	113,195	3.80	7.38
Other current liabilities	11	10,534	8,602	0.73	0.56
Current tax liabilities (net)		23,875	20,905	1.65	1.36
<b>Total current liabilities</b>		<b>1,154,542</b>	<b>1,568,784</b>	<b>79.84</b>	<b>102.24</b>
<b>Total Equity and Liabilities</b>		<b>1,701,880</b>	<b>2,030,392</b>	<b>117.70</b>	<b>132.32</b>
Corporate information and Significant accounting policies	1 & 2				
Notes to the financial statements	3 to 32				
The accompanying notes "1" to "32" form an integral part of the financial statements					
In terms of our report of even date.					
<b>For K. N. Gutgutia &amp; Co.</b> Chartered Accountants Firm Registration Number : 304153E Sd/- <b>B. R. Goyal</b> Partner Membership No. 12172		<b>For and on behalf of Board</b>  Sd/-  <b>Manish Gupta</b> Director			
Place : Noida Date : 07-05-2019					

## Statement of Profit and Loss for the year ended 31 March 2019

		USD		(₹ in million)	
		For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue from operations	12	6,646,833	3,898,515	462.22	251.65
Other income	13	168	-	0.01	-
<b>Total income</b>		<b>6,647,001</b>	<b>3,898,515</b>	<b>462.23</b>	<b>251.65</b>
<b>EXPENSES</b>					
Purchases of stock-in-trade	14	5,965,845	2,765,674	414.86	178.52
Change in inventories of finished goods, Stock-in-trade and work-in-progress		266,428	601,393	18.53	38.82
Employee benefits expense	15	91,517	219,306	6.36	14.16
Finance costs	16	47,031	16,649	3.27	1.07
Depreciation & amortisation expense	17	526	526	0.03	0.03
Other expenses	18	173,796	234,180	12.09	15.12
<b>Total expenses</b>		<b>6,545,143</b>	<b>3,837,728</b>	<b>455.14</b>	<b>247.72</b>
<b>Profit/(Loss) before tax</b>		<b>101,858</b>	<b>60,787</b>	<b>7.09</b>	<b>3.93</b>
<b>Tax expenses</b>					
- Current tax	19	16,128	34,659	1.12	2.24
<b>Profit/(Loss) for the year</b>		<b>85,730</b>	<b>26,128</b>	<b>5.97</b>	<b>1.69</b>
<b>Other Comprehensive Income</b>					
<i>Items that will be reclassified to profit or loss</i>					
Exchange differences in translation		-	-	1.81	0.16
Income tax relating to items that will not be reclassified to profit or loss		-	-	-	-
<b>Other comprehensive income for the year (net of tax)</b>		<b>-</b>	<b>-</b>	<b>1.81</b>	<b>0.16</b>
<b>Total comprehensive income for the year</b>		<b>85,730</b>	<b>26,128</b>	<b>7.78</b>	<b>1.85</b>
Earnings per equity share of no par value					
Basic (In ₹)	30			29830.16	8470.19
Diluted (In ₹)	30			29830.16	8470.19
Corporate information and Significant accounting policies	1 & 2				
Notes to the financial statements	3 to 32				
The accompanying notes "1" to "32" form an integral part of the financial statements					
In terms of our report of even date.					
<b>For K. N. Gutgutia &amp; Co.</b> Chartered Accountants Firm Registration Number : 304153E Sd/- <b>B. R. Goyal</b> Partner Membership No. 12172  Place : Noida Date : 07-05-2019				<b>For and on behalf of Board</b>   Sd/-  <b>Manish Gupta</b> Director	

## Statement of Changes in Equity for the year ended 31 March 2019

## A. Equity share capital

Description	USD	(₹ in million)
Balance as at 31 March 2017	110.00	0.01
Changes in the equity share capital during the year	-	-
Balance as at 31 March 2018	110.00	0.01
Changes in the equity share capital during the year	-	-
Balance as at 31 March 2019	110.00	0.01

## B. Other Equity

	Reserve and surplus				Items of other Comprehensive Income		Total	
	Security premium		Retained earnings		Foreign currency translation reserve			
	USD	₹ in million	USD	₹ in million	USD	₹ in million	USD	₹ in million
As at 31 March 2017	179,890	10.74	255,480	16.67	-	0.81	435,370	28.22
Profit/(loss) for the year	-	-	26,128	1.69	-	-	26,128	1.69
Other Comprehensive income	-	-	-	-	-	0.16	-	0.16
Total Comprehensive income for the year	-	-	26,128	1.69	-	0.16	26,128	1.85
As at 31 March 2018	179,890	10.74	281,608	18.36	-	0.97	461,498	30.07
Profit/(loss) for the year	-	-	85,730	5.97	-	-	85,730	5.97
Other Comprehensive income	-	-	-	-	-	1.81	-	1.81
Total Comprehensive income for the year	-	-	85,730	5.97	-	1.81	85,730	7.78
As at 31 March 2019	179,890	10.74	367,338	24.33	-	2.78	547,228	37.85

## • Security premium

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

## • Foreign currency translation reserve

Exchange differences arising on translation of its operations in to reporting currency of its holding company are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the Company dispose or partially dispose off its operation through sale, liquidation, repayment of share capital or abandonment of all, or part of, the Company.

The accompanying notes "1" to "32" form an integral part of the financial statements.

In terms of our report of even date.

For K.N Gutgutia & Co.

Chartered Accountants

Firm Registration Number: 304153E

For and on behalf of Board

Sd/-

Sd/-

B.R. Goyal

Partner

Membership No. 12172

Manish Gupta

Director

Place : Noida

Date : 07-05-2019



## Statement of Cash Flows for the year ended 31 March 2019

	USD		₹ in million	
	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>A. Cash flow from operating activities:</b>				
Net profit/(loss) before tax	101,858	60,787	7.09	3.93
Adjustments for:				
Depreciation & amortisation expense	526	526	0.03	0.03
Finance costs	47,031	16,649	3.27	1.07
	47,557	17,175	3.30	1.10
<b>Operating cash flow before working capital changes</b>	<b>149,415</b>	<b>77,962</b>	<b>10.39</b>	<b>5.03</b>
Adjustments for:				
(Increase)/Decrease in trade receivables, loans, other financial assets and other assets	155,974	(280,362)	7.36	(18.46)
(Increase)/Decrease in inventories	266,428	601,393	14.12	38.66
Increase/(Decrease) in trade payables, other financial liabilities, other liabilities and provisions	(417,212)	(307,233)	(22.69)	(19.43)
<b>Cash generated from operations</b>	<b>154,605</b>	<b>91,760</b>	<b>9.18</b>	<b>5.80</b>
Direct taxes (paid)/refund (net)	(12,543)	(44,701)	(0.79)	(2.89)
<b>Net cash generated from operating activities</b>	<b>142,062</b>	<b>47,059</b>	<b>8.39</b>	<b>2.91</b>
<b>B. Cash flow from investing activities:</b>				
Purchase of property, plant and equipment	-	-	-	-
<b>Net cash generated/(used) in investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C. Cash flow arising from financing activities:</b>				
Finance costs paid	(47,031)	(16,649)	(3.27)	(1.07)
<b>Net cash inflow/(outflow) in course of financing activities</b>	<b>(47,031)</b>	<b>(16,649)</b>	<b>(3.27)</b>	<b>(1.07)</b>
<b>D. Foreign currency translation difference</b>	<b>-</b>	<b>-</b>	<b>1.81</b>	<b>0.16</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents (A+B+C+D)</b>	<b>95,031</b>	<b>30,410</b>	<b>6.93</b>	<b>2.00</b>
Add: Cash & cash equivalents at the beginning of the year	89,327	58,917	5.82	3.82
<b>Cash &amp; cash equivalents at the close of the year</b>	<b>184,358</b>	<b>89,327</b>	<b>12.75</b>	<b>5.82</b>

**Jubilant Industries Inc. USA**

**Statement of Cash Flows for the year ended 31 March 2019**

	USD		₹ in million	
	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Components of cash and cash equivalents</b>				
Balance With Banks on current account	184,358	89,327	12.75	5.82
	<b>184,358</b>	<b>89,327</b>	<b>12.75</b>	<b>5.82</b>

**Notes:**

i) Statement of Cash Flow has been prepared under the Indirect Method as set out in the Ind AS 7 "Statement of Cash Flows".

In terms of our report of even date attached.

**For K. N. Gutgutia & Co.**

Chartered Accountants

Firm Registration Number : 304153E

Sd/-

**B. R. Goyal**

Partner

Membership No. 12172

**for and on behalf of the board**

Sd/-

**Manish Gupta**

Director

**Place : Noida**

Date : 07-05-2019

## Jubilant Industries Inc. USA

### Notes to the Financial Statements for the year ended 31 March 2019

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#### 1. Corporate information

Jubilant Industries (USA) Inc. (the Company) is a company incorporated in United States of America (USA) in April, 2014. The Company is wholly owned subsidiary of Jubilant Industries Limited (the parent company), a company incorporated in India. The Company is engaged in marketing and distribution of SPVA produced by its fellow subsidiary namely, Jubilant Agri and Consumer Products Limited to customers based in the Americas.

#### 2. Statement of Significant Accounting Policies

This note provides significant accounting policies adopted and applied in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### (a) Basis of preparation

###### *(i) Statement of compliance*

The 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.

The financial statements are presented in Indian Rupees and all values are rounded to the nearest million, except as stated otherwise, which is the holding company's functional and presentation currency, however, functional currency of the Company is USD.

For the purpose of conversion of financial statements year to date average rate of currency has been taken for revenue items and closing rate has been taken for balance sheet items, except equity share capital and other equity which are carried at historical exchange rate. The next exchange difference on account of conversion of financial statements is taken to foreign currency translation reserve through other comprehensive income.

###### *(ii) Historical cost convention*

The financial statements have been prepared on a historical cost convention on accrual basis except for the material items those have been measured at fair value as required by relevant Ind AS.

For the purpose of conversion of financial statements year to date average rate of currency has been taken for revenue items and closing rate has been taken for balance sheet items, except equity share capital and other equity which are carried at historical

## Jubilant Industries Inc. USA

### Notes to the Financial Statements for the year ended 31 March 2019

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exchange rate. The next exchange difference on account of conversion of financial statements is taken to foreign currency translation reserve through other comprehensive income.

#### **(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**

Fixed Assets are stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation/amortization and impairment loss. The cost of fixed assets includes freight and other incidental expenses related to the acquisition, installation of the respective assets.

## Jubilant Industries Inc. USA

### Notes to the Financial Statements for the year ended 31 March 2019

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#### (D) Depreciation and amortization

Pursuant to the Companies Act, 2013 ("the Act") being effective from 1<sup>st</sup> April, 2014, the Company has provided depreciation rates on fixed assets as per useful life specified in Part "C" of Schedule II of the Act, read with Notification dated 29<sup>th</sup> August, 2014 of the Ministry of Corporate Affairs, on the original cost/ acquisition cost of fixed assets or other amount substituted for cost.

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

#### (E) Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease payments under operating leases are recognized in the Statement of Profit and Loss on a Straight-line basis.

#### (F) Inventories

Inventories are valued at lower of cost or net realizable value.

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

Finished goods (traded)	Cost of Purchase*
Goods-in-transit	Cost of Purchase

\*Cost includes all direct costs and such other costs incurred as to bring the inventory to its present location and condition.

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

## **Notes to the Financial Statements for the year ended 31 March 2019**

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### **(G) Income Tax**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the results for the period.

#### **Current Tax**

Current tax expense is based on the provisions of Local Tax Laws of United States of America and judicial interpretations thereof as at the Balance Sheet date and takes into consideration various deductions and exemptions to which the Company is entitled to as well as the reliance placed by the Company on the legal advices received by it. Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis.

#### **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 not taxable profit or loss at the time of the transaction;
- temporary differences related to freehold land and investment 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;
- taxable temporary differences arising on the initial recognition of goodwill

Deferred tax assets (DTA) include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India which is likely to give future economic benefits in the form of availability of set off against future income tax liability.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be 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 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 simultaneously.

## Notes to the Financial Statements for the year ended 31 March 2019

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### (H) Foreign Currency Transactions and Translations

- a) **Initial Recognition:** Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on/or closely approximating to the date of the transaction.
- b) **Conversion:** Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.
- c) **Exchange Difference:** Exchange differences arising on the settlement of monetary items or on reporting such monetary items of the Company at rates different from those at which they were initially recorded during the year or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

### (I) Provisions

A provision is recognised 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 future cash flows at a pre-tax rate that effects 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) Contingent liabilities and assets

Contingent liabilities are disclosed in respect of possible obligations that may arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent Assets are neither recognized nor disclosed in the financial statements. However, contingent assets are assessed continuously and if it is virtually certain that an inflow of economic benefits will arise, the assets and related income are recognized in the period in which the change occurs.

## Jubilant Industries Inc. USA

### Notes to the Financial Statements for the year ended 31 March 2019

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#### **(K) Employee Benefits**

All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits, which include benefits like salaries, wages, short-term compensated absences, performance incentives and contribution to 401 (k) plan as it prevalent in USA, etc. and are recognized as expenses in the period in which the employee renders the related service and measured accordingly.

#### **(L) Revenue Recognition**

Revenue from sale of products is recognized when the significant risks and rewards of ownership of the products are transferred to the buyer, recovery of the consideration is reasonably assured and the amount of revenue can be measured reliably.

#### **(M) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The CEO and Managing Director of the Parent company is responsible for allocating resources and assessing performance of the operating segments and accordingly identified as the chief operating decision maker. Revenues, expenses, assets and liabilities, which are common to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been treated as "un-allocable revenue/ expenses/ assets/ liabilities", as the case may be. However, there is no business segment for the year under report.

#### **(N) Earnings Per Share**

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

#### **(O) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances on hand, cash balance with bank, and highly liquid investments with original maturities, at the date of purchase/investment, of three months or less.



## Notes to the Financial Statements for the year ended 31 March 2019

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### **(P) Financial instruments**

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 the Company commits to purchase or sale 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)
- Debts instruments, derivatives and equity instruments at fair value through profit or loss (FVPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

##### ***Impairment of Financial assets***

The Company recognises 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 to lifetime ECL. For all financial assets with contractual cash flows other than trade receivable, ECLs are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of ECLs (or reversal), that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in the Statement of Profit and Loss.

##### ***De-recognition***

A financial asset (or, where applicable, a part of a financial asset or part of Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's Balance Sheet) when:

## Jubilant Industries Inc. USA

### Notes to the Financial Statements for the year ended 31 March 2019

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- 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, 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 de-recognition is also recognised in Statement of Profit and Loss.

#### ***De-recognition***

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 de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statements of Profit and Loss.

#### **(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 level in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

## Jubilant Industries Inc. USA

### Notes to the Financial Statements for the year ended 31 March 2019

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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, those are not based on observable market data (unobservable data).

The Company has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that these valuations met the requirement of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

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

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

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

#### **(R) Critical estimates and judgments**

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected. In particular, information about significant areas of estimation uncertainty

## Jubilant Industries Inc. USA

### Notes to the Financial Statements for the year ended 31 March 2019

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and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes.

- Recognition and estimation of tax expense including deferred tax – Note 19.
- Assessment of useful life of property, plant and equipment and intangible asset- Note 2 ( C) and 2 (D).
- Valuation of inventories- Note 2 (F).
- Recognition of revenue and related accruals- Note 2 (L).
- Recognition and measurement of contingency: Key assumption about the likelihood and magnitude of an outflow of resources- Note 21.
- Lease classification- Note 24.
- Fair value measurements- Note 2 (Q).

## Notes to the financial statements for the year ended 31 March 2019

Description	Furniture and Fixtures		Office Equipments		Total	
	USD	(₹ in million)	USD	(₹ in million)	USD	(₹ in million)
<b>3. Property, plant and equipment</b>						
Gross carrying amount as at 31 March 2017	484	0.03	1626	0.10	2110	0.13
Additions/adjustments	-	-	-	-	-	-
Gross carrying amount as at 31 March 2018	484	0.03	1626	0.10	2110	0.13
Accumulated depreciation as at 31 March 2017	56	0.01	512	0.03	568	0.04
Depreciation charge for the year	56	-	470	0.03	526	0.03
Accumulated depreciation as at 31 March 2018	112	0.01	982	0.06	1,094	0.07
Net carrying amount as at 31 March 2018	372	0.02	644	0.04	1,016	0.06

Description	Furniture and Fixtures		Office Equipments		Total	
	USD	(₹ in million)	USD	(₹ in million)	USD	(₹ in million)
Gross carrying amount as at 31 March 2018	484	0.03	1626	0.10	2110	0.13
Additions/adjustments	-	-	-	-	-	-
Deductions/adjustments	-	-	-	-	-	-
Gross carrying amount as at 31 March 2019	484	0.03	1626	0.10	2110	0.13
Accumulated depreciation as at 31 March 2018	112	0.01	982	0.06	1,094	0.07
Depreciation charge for the year	56	-	470	0.03	526	0.03
Deductions/adjustments	-	-	-	-	-	-
Accumulated depreciation as at 31 March 2019	168	0.01	1,452	0.09	1,620	0.10
Net carrying amount as at 31 March 2019	316	0.02	174	0.01	490	0.03

**Jubilant Industries Inc. USA**

**Notes to the financial statements for the year ended 31 March 2019**

	USD		(₹ in million)	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
<b>4. Inventories</b>				
Stock-in-trade	811,681	1,078,109	56.14	70.26
<b>Total inventories</b>	<b>811,681</b>	<b>1,078,109</b>	<b>56.14</b>	<b>70.26</b>
<b>5. Trade receivables</b>				
Unsecured and current				
Considered good	680,858	859,403	47.09	56.01
<b>Total receivables</b>	<b>680,858</b>	<b>859,403</b>	<b>47.09</b>	<b>56.01</b>
<b>6. Cash and cash equivalents</b>				
Balance With Banks on current account	184,358	89,327	12.75	5.82
<b>Total cash and cash equivalents</b>	<b>184,358</b>	<b>89,327</b>	<b>12.75</b>	<b>5.82</b>
<b>7. Other assets</b>				
Prepaid expenses	763	1,046	0.05	0.07
Advances to employees	-	300	-	0.02
Advance for supply of goods and services	23,154		1.60	
<b>Total other assets</b>	<b>23,917</b>	<b>1,346</b>	<b>1.65</b>	<b>0.09</b>

**Jubilant Industries Inc. USA**

## Notes to the financial statements for the year ended 31 March 2019

		USD		(₹ in million)	
		As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
<b>8. Equity share capital</b>	<b>Authorised</b>				
	3,000 (Previous Year: 3,000) common stock with no par value	-	-	-	-
	<b>Issued, subscribed and paid-up</b>				
	200 (Previous Year: 200) common stock with no par value	110	110	0.01	0.01
<b>Total equity share capital</b>		<b>110</b>	<b>110</b>	<b>0.01</b>	<b>0.01</b>
<b>8.1 Movement in equity share capital:</b>					
		<b>As at 31 March 2019</b>		<b>As at 31 March 2018</b>	
		<b>No. of shares</b>	<b>USD</b>	<b>No. of shares</b>	<b>USD</b>
<b>At the commencement and at the end of the year</b>					
		200	110	200	110
			0.01		0.01
<b>8.2 The Company has only one class of shares referred to as equity shares having no par value. Holder of each equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.</b>					
<b>8.3 Details of shareholders holding more than 5% of the aggregate shares in the Company:</b>					
		<b>As at 31 March 2019</b>		<b>As at 31 March 2018</b>	
		<b>No. of shares</b>	<b>% held</b>	<b>No. of shares</b>	<b>% held</b>
Jubilant Industries Limited, India*		200	100	200	100
* Holding company					
		USD		(₹ in million)	
		As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
<b>8 (a). Other equity</b>	<b>Reserve and surplus:</b>				
	Security premium reserve	179890	179890	10.74	10.74
	Retained earnings	367338	281608	24.33	18.36
	<b>Items of other comprehensive income:</b>				
	Foreign currency translation reserve	-	-	2.78	0.97
<b>Total other equity</b>		<b>547,228</b>	<b>461,498</b>	<b>37.85</b>	<b>30.07</b>

**Jubilant Industries Inc. USA**

**Notes to the financial statements for the year ended 31 March 2019**

	USD		(₹ in million)	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
<b>9. Trade payables</b>				
<b>Current</b>				
Payable to Others	1,065,102	1,426,082	73.66	92.94
<b>Total trade payables</b>	<b>1,065,102</b>	<b>1,426,082</b>	<b>73.66</b>	<b>92.94</b>
<b>10. Other financial liabilities</b>				
<b>Current</b>				
Other payables	55,031	113,195	3.80	7.38
<b>Total other financial liabilities</b>	<b>55,031</b>	<b>113,195</b>	<b>3.80</b>	<b>7.38</b>
<b>11. Other liabilities</b>				
<b>Current</b>				
Statutory dues payables	10,534	8,602	0.73	0.56
<b>Total other liabilities</b>	<b>10,534</b>	<b>8,602</b>	<b>0.73</b>	<b>0.56</b>



**Jubilant Industries Inc. USA**

**Notes to the financial statements for the year ended 31 March 2019**

	USD		(₹ in million)	
	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>12. Revenue from operations</b>				
Sale of products (including excise duty)	6,646,833	3,898,515	462.22	251.65
<b>Total revenue from operations</b>	<b>6,646,833</b>	<b>3,898,515</b>	<b>462.22</b>	<b>251.65</b>
<b>13. Other income</b>				
Interest income on income tax refund	168	-	0.01	-
<b>Total other income</b>	<b>168</b>	<b>-</b>	<b>0.01</b>	<b>-</b>
<b>14. Purchases of stock-in-trade</b>				
Purchases of stock-in-trade	5,965,845	2,765,674	414.86	178.52
<b>Total purchases of stock-in-trade</b>	<b>5,965,845</b>	<b>2,765,674</b>	<b>414.86</b>	<b>178.52</b>
<b>15. Employee benefits expense</b>				
Salaries, wages, bonus, gratuity and allowances	83,841	205,798	5.83	13.28
Contribution to provident and other funds	2,332	5,224	0.16	0.34
Staff welfare expenses	5,344	8,284	0.37	0.54
<b>Total employee benefits expense</b>	<b>91,517</b>	<b>219,306</b>	<b>6.36</b>	<b>14.16</b>
<b>16. Finance costs</b>				
Interest expense	47,031	16,649	3.27	1.07
<b>Total finance costs</b>	<b>47,031</b>	<b>16,649</b>	<b>3.27</b>	<b>1.07</b>

## Notes to the financial statements for the year ended 31 March 2019

	USD		₹ in million	
	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>17. Depreciation and amortization expense</b>				
Depreciation of property, plant and equipment	526	526	0.03	0.03
<b>Total depreciation and amortization expense</b>	<b>526</b>	<b>526</b>	<b>0.03</b>	<b>0.03</b>
<b>18. Other expenses</b>				
Repairs and maintenance others	10	-	-	-
Rent	-	4,000	-	0.26
Rates & taxes	646	803	0.05	0.05
Insurance	9,965	9,724	0.69	0.63
Advertisement, publicity and sales promotion	435	-	0.03	-
Travelling & other incidental expenses	976	29,563	0.07	1.91
Printing & stationery	174	2,198	0.01	0.14
Communication expenses	2,020	5,743	0.14	0.37
Legal, professional and consultancy charges	34,037	38,564	2.37	2.49
Bank charges	1,180	1,288	0.08	0.08
Miscellaneous expenses	774	-	0.05	-
Freight & forwarding	86,667	77,129	6.03	4.98
Discounts, claims to customers and other selling expenses	39,867	65,168	2.77	4.21
Bad debts/irrecoverable advances & receivables written in (net)	(2,955)	-	(0.20)	-
<b>Total other expenses</b>	<b>173,796</b>	<b>234,180</b>	<b>12.09</b>	<b>15.12</b>

## Notes to the financial statements for the year ended 31 March 2019

<b>19. Income tax</b>		
The major components of income tax expense are:		
<i>Profit or loss section</i>		
	(₹ in million)	
	<b>For the year ended 31 March 2019</b>	<b>For the year ended 31 March 2018</b>
<b>Current income tax:</b>		
Current income tax charge for the year	1.66	1.35
Adjustments in respect of current income tax of previous years	(0.54)	0.89
<b>Income tax expense reported in the Statement of profit and loss</b>	<b>1.12</b>	<b>2.24</b>
<b>Reconciliation between average effective rate and applicable tax rate:</b>		
	(₹ in million)	
	<b>For the year ended 31 March 2019</b>	<b>For the year ended 31 March 2018</b>
Accounting profit before income tax	7.09	3.93
At US statutory income tax rate 21.00% (Previous Year: 30.75%)	1.49	1.21
- Effect of non deductible expenses and exempt income	0.02	0.11
- Adjustment of earlier years	(0.54)	0.62
- Unrecognised deferred tax	0.12	0.32
- Change in statutory tax rate	-	(0.15)
- Others	0.03	0.13
<b>Income tax expense reported in the Statement of profit and loss</b>	<b>1.12</b>	<b>2.24</b>

## Jubilant Industries Inc. USA

### Notes to the Financial Statements for the year ended 31 March 2019

**20.** Accounts of the Company (a wholly owned subsidiary of Jubilant Industries Limited, India, a company incorporated in India), incorporated in USA have been made out as per the requirements of Companies Act, 2013 of India ("the Act"), in due adherence of provisions of the Act. This entailed drawing up the Balance Sheet, Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows (including Auditor's Report thereon) of the subsidiary in a manner so as to make it appear conforming to requirements of the Act for the purpose of annexing the particulars of the Company with its holding company and for the preparation of the consolidated accounts of the group pursuant to the provisions of the Act and consolidating the Financial Statements of this company with the parent holding company in terms of Ind AS 110 in respect of Consolidation of Accounts as required under Ind AS 10 notified by the Ministry of Corporate Affairs and in pursuant of the provisions of the Act and this exercise also related to translation of treatment of various heads of accounts in terms of accounting standards referred to in the Act, read with the accounting policy of parent company and presentation of accounts in terms of Schedule III of the Act, including disclosure of necessary information as laid down under the said Act and Rules made there under.

**21. Contingent liabilities not provided for : Nil**

**22. Financial risk management**

The Company's activities are exposed to a variety of financial risks from its operations. The key financial risks include market risk, credit risk, and liquidity risk. The Company's overall risk management policy seeks to minimize potential adverse effects on Company's financial performance.

**\* Market risk:**

Market risk is the risk that the fair value of future cash flow of financial instruments will fluctuate because of change in market prices.

The Company has all transactions in home currency and is therefore , not exposed to foreign exchange risk.

The Company is affected by the price volatility of commodities. Its operating activities require the purchase of material therefore, requires a continuous supply of certain materials. To mitigate the commodity price risk, the Company has majority purchased materials from its holding company at competitive prices for the commodities and to assess the market to manage the cost without any compromise on quality.

**\* Credit risk:**

Credit risk refers to risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as trade receivables. The Company's exposure to credit risk is disclosed in note 5. The Company has closely monitor trade receivables and if necessary will make allowance and provisions.

**\* Liquidity risk:**

Liquidity risk is the risk, where 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 ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due.

**Jubilant Industries Inc. USA**

**Notes to the Financial Statements for the year ended 31 March 2019**

**23. Fair value techniques**

The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available. The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

	(₹ in million)			
	31 March 2019		31 March 2018	
	FVPL	Amortized Cost	FVPL	Amortized Cost
<b>Financial assets</b>				
Trade receivables	-	47.09	-	56.01
Cash and cash equivalents	-	12.75	-	5.82
<b>Total financial assets</b>	-	<b>59.84</b>	-	<b>61.83</b>
<b>Financial liabilities</b>				
Trade payables	-	73.66	-	92.94
Other financial liabilities	-	3.80	-	7.38
<b>Total financial liabilities</b>	-	<b>77.46</b>	-	<b>100.32</b>

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.

## Jubilant Industries Inc. USA

### Notes to the Financial Statements for the year ended 31 March 2019

#### 24. Operating lease:

The Company's significant operating lease arrangements are in respect of premises (office, godown etc). These leasing arrangements, which are cancellable, and are usually renewable by mutual agreeable terms. The aggregate lease rentals payable are charged as expenses. Total lease charges during the year are ₹ Nil (USD-Nil) [Previous Year: ₹ 0.26 million (USD-4000)].

#### 25. Employee benefits:

The Company has a 401 (k) plan, where in the regular, full time and part-time employees are eligible to participate in the defined contribution plan after completion of one month of continuous service. Participants may voluntarily contribute eligible pre-tax and post-tax compensation in 1% increments of up to 90% of their annual compensation in accordance with the annual limits as determined by the Internal Revenue Service. Eligible employees receive a 50% match of their contributions up to 6% of their eligible compensation. Employees above the age 50 years may choose to contribute "catch-up" contributions in accordance with the Internal Revenue Service limits and are matched the same up to the maximum Company contributions of 3% of eligible compensation. The Company's matching contributions vest 100% after three years of service. The company has contributed ₹ 0.16 million (USD- 2332) to 401 for the year [Previous Year: ₹ 0.34 million (USD-5224)].

#### 26. Deferred tax assets not recognised in respect of the Company

Particulars	As at 31 March 2019		As at 31 March 2018	
	Amount of temporary differences	Amount of deferred tax on temporary differences	Amount of temporary differences	Amount of deferred tax on temporary differences
Deductible temporary difference: Provision for inventory & others	2.51	0.56	1.43	0.32
Net unrecognized temporary differences	2.51	0.56	1.43	0.32

#### 27. Segment reporting:

The Company 's operation comprises of SPVA trading business only. As such, there are no separate reportable business or geographical segments as per Accounting Standard 17 on "Segment Reporting".

#### 28. Related Party Disclosures:

##### 1) Related parties where control exists:

**Holding Company:** Jubilant Industries Limited, India

**Fellow Subsidiary Company:** Jubilant Agri and Consumer Products Limited, India

##### 2) Other Related parties with whom transactions have taken place during the year:

**Enterprise over which directors and major shareholders of the Company substantial influence:** Jubilant Life Sciences (USA) Inc., USA, Jubilant HollisterStier LLC, USA.

**Jubilant Industries Inc. USA**

**Notes to the Financial Statements for the year ended 31 March 2019**

**3) Details of related party transactions during the year:**

**31 March 2019:**

	Holding company		Fellow subsidiary company		Enterprises in which key management personnel are interested	
	USD	(₹ in million)	USD	(₹ in million)	USD	(₹ in million)
<b>1) Purchase of goods, utilities &amp; services:</b>						
Jubilant Agri and Consumer Products Limited, India	-	-	5,787,907	402.49	-	-
	-	-	<b>5,787,907</b>	<b>402.49</b>	-	-
<b>2) Reimbursement of expenses</b>						
Jubilant Life Sciences (USA) Inc., USA	-	-	-	-	26,092	1.81
Jubilant HollisterStier LLC, USA	-	-	-	-	9,355	0.65
	-	-	-	-	<b>35,447</b>	<b>2.46</b>
<b>3) Equity stocks held by:</b>						
Holding company:-						
Jubilant Industries Limited, India	180,000	10.75	-	-	-	-
	<b>180,000</b>	<b>10.75</b>	-	-	-	-
<b>4) Amount payable:</b>						
Fellow subsidiary company:-						
Jubilant Agri and Consumer Products Limited, India	-	-	1,058,771	73.22	-	-
Jubilant HollisterStier LLC, USA	-	-	-	-	960	0.07
	-	-	<b>1,058,771</b>	<b>73.22</b>	<b>960</b>	<b>0.07</b>

**Jubilant Industries Inc. USA**

**31 March 2018:**

		Holding company		Fellow subsidiary company		Enterprises in which key management personnel are interested	
		USD	(₹ in million)	USD	(₹ in million)	USD	(₹ in million)
1)	<b>Purchase of goods, utilities &amp; services:</b>						
	Jubilant Agri and Consumer Products Limited, India	-	-	2,626,438	169.54	-	-
	Jubilant Life Sciences (USA) Inc., USA	-	-	-	-	36,000	2.32
		-	-	<b>2,626,438</b>	<b>169.54</b>	<b>36,000</b>	<b>2.32</b>
2)	<b>Reimbursement of expenses</b>						
	Jubilant HollisterStier LLC, USA	-	-	-	-	6,276	0.41
	Jubilant Life Sciences (USA) Inc., USA	-	-	-	-	13,528	0.87
		-	-	-	-	<b>19,804</b>	<b>1.28</b>
3)	<b>Equity stocks held by:</b>						
	Holding company:-						
	Jubilant Industries Limited, India	180,000	10.75	-	-	-	-
		<b>180,000</b>	<b>10.75</b>	-	-	-	-
4)	<b>Amount payable:</b>						
	Jubilant Agri and Consumer Products Limited, India	-	-	1,355,876	88.36	-	-
	Jubilant Life Sciences (USA) Inc.	-	-	-	-	42,276	2.76
	Jubilant HollisterStier LLC, USA	-	-	-	-	16,640	1.08
		-	-	<b>1,355,876</b>	<b>88.36</b>	<b>58,916</b>	<b>3.84</b>



**Jubilant Industries Inc. USA**

**Notes to the Financial Statements for the year ended 31 March 2019**

29. There is no principal difference between Indian GAAP to Ind AS in the financial statements.

**30. Earnings per share (EPS)**

For the year ended 31 March		2019	2018
Net profit/(loss) as per Statement of profit & loss	₹ in million	5.97	1.69
Number of equity shares		200	200
Basic and diluted earnings per share	₹	29,830.16	8,470.19

31. For the purpose of conversion of accounts in to Indian Currency, following rates are applied:

For the year ended/As at 31 March	2019	2018
Average rate for the year	1 USD = ₹ 69.54	1 USD = ₹ 64.55
Closing rate	1 USD = ₹ 69.16	1 USD = ₹ 65.17

32. Figures in USD have been given only for conversion purpose.

**The accompanying notes "1" to "32" form an integral part of the financial statements**

In terms of our review report of even date.

**For K.N. Gutgutia & Co.**

Chartered Accountants

Firm Registration Number: 304153E

Sd/-

**B.R. Goyal**

Partner

Membership No.12172

**Place: Noida**

Date : 07-05-2019

**For and on behalf of Board**

Sd/-

**Manish Gupta**

Director