



**JUBILANT**  
**LIFESCIENCES**

**Report of the Audit Committee of Jubilant Life Sciences Limited (the 'Company') recommending the draft Composite Scheme of Arrangement among HSB Corporate Consultants Private Limited, Jubilant Stock Holding Private Limited, SSB Consultants & Management Services Private Limited, JCPL Life Science Ventures and Holdings Private Limited, JSPL Life Science Services and Holdings Private Limited, the Company, Jubilant LSI Limited and their respective Shareholders and Creditors at its meeting held on October 25, 2019**

**Present**

Mr. Vivek Mehra	Chairman of the meeting
Mr. S. Sridhar	Member
Ms. Sudha Pillai	Member
Dr. Ashok Misra	Member
Mr. Priyavrat Bhartia	Member

**Invitees**

Mr. Sankaraiah Rajagopal	Executive Director-Finance
Mr. Rajesh Kumar Srivastava	Whole-time Director
Mr. Pramod Yadav	CEO - Jubilant Pharma Limited
Mr. Arun Kumar Sharma	CFO (LSI) & Executive Vice President - Corporate Finance
Mr. Sanjay Das	Vice President - Corporate Accounts
Mr. Sanjay Bhartia	Sr. Vice President - Finance & Accounts - Jubilant Pharma Limited
Mr. K.G. Pasupathi	Statutory Auditors
Mr. Gaurav Mahajan	Statutory Auditors

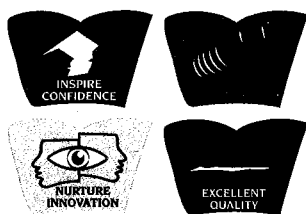
**In Attendance**

Mr. Rajiv Shah, Company Secretary

In accordance with the provisions of SEBI Circular No. CFD/ DIL3/ CIR/ 2017/ 21 dated March 10, 2017 as amended from time to time ('Circulars') and other applicable provisions, if any, and Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and rules made thereunder, a draft composite scheme of arrangement among HSB Corporate Consultants Private Limited (Transferor Company 1), Jubilant Stock Holding Private Limited (Transferor Company 2), SSB Consultants & Management Services Private Limited (Transferor Company 3), JCPL

**A Jubilant Bhartia Company**

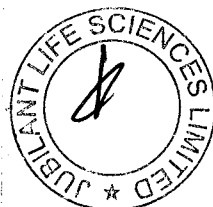
OUR VALUES



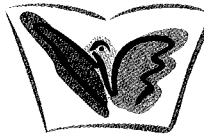
**Jubilant Life Sciences Limited**

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Regd Office:  
Bhartiagram, Gajraula  
Distt. Amroha - 244 223,  
UP, India  
CIN : L24116UP1978PLC004624



Life Science Ventures and Holdings Private Limited (Transferor Company 4), JSPL Life Science Services and Holdings Private Limited (Transferor Company 5), the Company (Transferee Company/ Demerged Company), Jubilant LSI Limited (Resulting Company) and their respective Shareholders and Creditors was placed before the Audit Committee for its consideration and recommendation to the Board of Directors of the Company.

This report has been made by the Audit committee after perusing *inter-alia* the following documents:

1. Draft Composite Scheme of Arrangement
2. Valuation report dated October 23, 2019 from Mr. Balwan Bansal, Registered Valuer
3. Fairness opinion dated October 23, 2019 from Ernst & Young Merchant Banking Services LLP, Merchant Banker
4. Audited financial statements for the year ending March 31, 2019, March 31, 2018 and March 31, 2017 and unaudited financial statements as on September 30, 2019, accompanied by Limited Review Report by Auditor

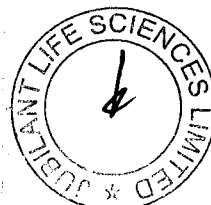
#### **A. Background**

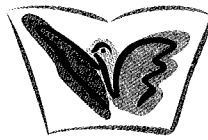
1. This Scheme is presented pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Act read with Sections 2(1B), 2(19AA) and other applicable provisions of the Income Tax Act, 1961 (the 'IT Act') and provides for the:

- (i) Amalgamation of the Transferor Companies into the Transferee Company; and
- (ii) Following the amalgamations referred above, demerger of the Life Science Ingredients ('LSI') business undertaking of the Demerged Company and vesting of the same with the Resulting Subsidiary, on a going concern basis.

Additionally, this Scheme also provides for various other matters consequential or otherwise integrally connected herewith.

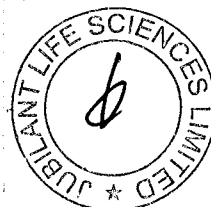
2. Transferor Company 1 was incorporated on January 29, 2013 under the provisions of the Companies Act, 1956. The Corporate Identification Number of the Company is U74120UP2013PTC054821 and its registered office is situated at Plot No. 1A, Sector-16A, Noida, Gautam Buddha Nagar, Uttar Pradesh - 201301. The Transferor Company 1 is *inter alia* engaged in the business of making, holding and nurturing investments in life sciences businesses.
3. Transferor Company 2 was incorporated on December 15, 2008 under the provisions of the Companies Act, 1956. The Corporate Identification Number of

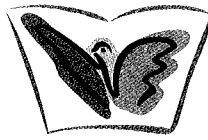




the Company is U52100UP2008PTC043688 and its registered office is situated at Plot No. 1A, Sector-16A, Noida, Gautam Buddha Nagar, Uttar Pradesh - 201301. The Transferor Company 2 is *inter alia* engaged in the business of making, holding and nurturing investments in life sciences businesses.

4. Transferor Company 3 was incorporated on January 29, 2013 under the provisions of the Companies Act, 1956. The Corporate Identification Number of the Company is U74120UP2013PTC054823 and its registered office is situated at Plot No. 1A, Sector-16A, Noida, Gautam Buddha Nagar, Uttar Pradesh - 201301. The Transferor Company 3 is *inter alia* engaged in the business of making, holding and nurturing investments in life sciences businesses.
5. Transferor Company 4 was incorporated on November 21, 2016 under the provisions of the Companies Act, 2013. The Corporate Identification Number of the Company is U74999UP2016PTC087833 and its registered office is situated at Plot No. 1A, Sector-16A, Noida, Gautam Buddha Nagar, Uttar Pradesh - 201301. The Transferor Company 4 is *inter alia* engaged in the business of making, holding and nurturing investments in life sciences businesses.
6. Transferor Company 5 was incorporated on November 15, 2016 under the provisions of the Companies Act, 2013. The Corporate Identification Number of the Company is U74999UP2016PTC087691 and its registered office is situated at Plot No. 1A, Sector-16A, Noida, Gautam Buddha Nagar, Uttar Pradesh - 201301. The Transferor Company 5 is *inter alia* engaged in the business of making, holding and nurturing investments in life sciences businesses.
7. JLL was incorporated on June 21, 1978 under the provisions of the Companies Act, 1956. The Corporate Identification Number of the Company is L24116UP1978PLC004624 and its registered office is situated at Bhartiagram Gajraula, District Amroha – 244223, Uttar Pradesh. The Transferee Company/ Demerged Company is a listed company and its securities are listed on the BSE Limited and National Stock Exchange of India Limited.
8. JLL is an integrated global pharmaceutical and life sciences company engaged in the following businesses:
  - (i) Under the pharmaceuticals business, JLL, through its wholly owned subsidiary, Jubilant Pharma Limited, is engaged, directly or indirectly, through its subsidiaries, in the manufacture and supply of active pharmaceutical ingredients (APIs), solid dosage formulations, radiopharmaceuticals, allergy therapy products and contract manufacturing of sterile injectables and non-sterile products through six United States Food and Drug Administration (USFDA) approved manufacturing facilities in the United States, Canada and India and a network of over 50 radio-pharmacies in the United States;

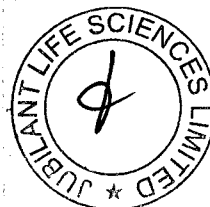


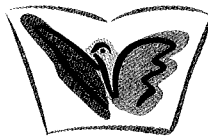


- (ii) The drug discovery and development solutions business, provides proprietary in-house innovation and collaborative research and partnership for out-licensing through two world class research centers in India;
  - (iii) India branded pharmaceuticals business. The sale of this business has been approved by JLL to its wholly-owned indirect subsidiary on or before January 1, 2020; and
  - (iv) The life science ingredients business comprises of specialty intermediates, nutritional products and life science chemicals businesses through five manufacturing facilities in India and includes its subsidiaries as per Schedule I.
9. The Resulting Company was incorporated on October 23, 2019 under the provisions of the Companies Act, 2013. The Corporate Identification Number of the Resulting Subsidiary is U24299UP2019PLC122657 and its registered office is situated at Bhartiagram Gajraula, District Amroha-244223, Uttar Pradesh.
10. The Resulting Company was incorporated to undertake the business of life science ingredients segment.

## **B. RATIONALE, PURPOSE AND OBJECT OF THIS SCHEME**

1. The Board of Directors of the Companies are of the view that (a) amalgamation of the Transferor Companies into JLL, and (b) demerger of the LSI business undertaking of JLL into the Resulting Company pursuant this Scheme, *inter alia*, would lead to the following benefits.
2. The amalgamation of the Transferor Companies into JLL shall provide the following benefits:
  - a. Currently, a significant portion of the Promoters' shareholding in JLL is held indirectly, through a multi-tier structure. The proposed amalgamations will result in simplification and streamlining of the shareholding structure of JLL by elimination of shareholding tiers and simplification of a large part of indirect Promoters' shareholding into a clearer structure directly identifiable with the Promoters.
  - b. Further, such a simplified direct holding structure is expected to bring greater transparency in the Promoters' shareholding and demonstrate Promoters' direct commitment and engagement with JLL, from the perspective of its shareholders; and

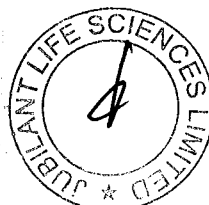


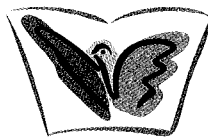


- c. The proposed simplification of holding structure will also make it simpler for JLL to identify its ultimate beneficial owner for various applicable know your customer (KYC) requirements;
3. The demerger of the LSI Undertaking of Demerged Company into the Resulting Company shall provide the following benefits:
    - a. Creation of a separate, distinct and focussed entity housing the LSI Undertaking leading to greater operational efficiencies for the LSI Undertaking;
    - b. Independent setup of each of the undertaking of the Demerged Company and the Resulting Company will ensure required depth and focus on each of the companies and adoption of strategies necessary for the growth of the respective companies. The structure shall provide independence to the management in decisions regarding the use of their respective cash flows for dividends, capital expenditure or other reinvestment in their respective businesses;
    - c. Unlocking of value for shareholders of the Demerged Company by transfer of the LSI Undertaking, which would enable optimal exploitation, monetization and development of both, Residual Undertaking and the LSI Undertaking by attracting focused investors having the necessary ability, experience and interests in this sector and by allowing pursuit of inorganic and organic growth opportunities in such businesses; and
    - d. Enabling the business and activities to be pursued and carried on with greater focus and attention through two separate companies each having its own separate administrative set up and dedicated management.

### **C. SALIENT FEATURES OF THE SCHEME**

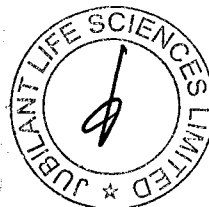
1. "Effective Date" means:
  - (i) in relation to the amalgamation of the Transferor Companies into the Transferee Company, as set out in Part B of the Scheme, such date as of which the Transferor Companies and the Transferee Company shall have filed the certified copy of the NCLT's order sanctioning this Scheme with the RoC; and
  - (ii) in relation to the demerger of the LSI Undertaking, as set out in Part C of the Scheme, such date as of which each of the Demerged Company and the

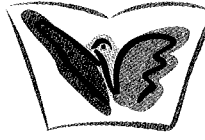




Resulting Company shall have filed the certified copy of the NCLT's order sanctioning this Scheme with the RoC.

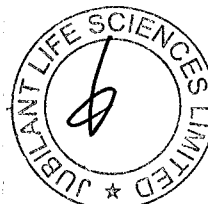
2. "Merger Appointed Date" means in relation to the amalgamation of the Transferor Companies into the Transferee Company, the Effective Date as applicable to such amalgamations, or such other date as may be mutually agreed in writing between the Transferor Companies and the Transferee Company and fixed by the Boards of the Transferor Companies and the Transferee Company, respectively;
3. "Merger Record Date" means the date to be fixed by the Board of Directors of the Transferee Company for the purpose of determining the shareholders of the respective Transferor Companies to whom the Merger Shares will be allotted by the Transferee Company, pursuant to the Scheme;
4. "Demerger Appointed Date" means the Effective Date as applicable to the demerger of the LSI Undertaking of the Demerged Company into the Resulting Company, or such other date as may be mutually agreed in writing between the Demerged Company and the Resulting Company and fixed by the Boards of the Demerged Company and the Resulting Company, respectively;
5. "Demerger Record Date" means the date which shall be a date after the Effective Date referred to in the Scheme to be fixed by the Board of Directors of the Demerged Company for the purpose of determining the shareholders of the Demerged Company to whom the Demerger Shares will be issued and allotted by the Resulting Company pursuant to this Scheme;
6. Upon the Effective Date and with effect from the Merger Appointed Date, the Transferor Companies shall stand amalgamated and all their respective Assets, Liabilities, rights and obligations, as applicable, be transferred and vested in the Transferee Company on a going concern basis without any requirement of a further act or deed so as to become as and from the Merger Appointed Date, the Assets, Liabilities, rights and obligations, as applicable, of the Transferee Company.
7. In so far as the amalgamation of the Transferor Company 1 into the Transferee Company is concerned, upon this Scheme becoming effective: (a) the equity shares of the Transferee Company held by the Transferor Company 1; and (b) the equity shares of the Transferor Company 1 (a wholly owned subsidiary of the Transferor Company 5) held by the Transferor Company 5, shall, without any further application, act, instrument or deed, be automatically cancelled and be of no effect on and from the Effective Date. Simultaneously and concurrent with such cancellation, the Transferee Company shall, without any requirement of any

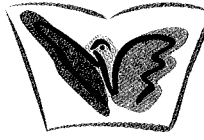




further act or deed, issue and allot the Merger Shares such that for 1,86,98,979 (One Crore Eighty Six Lakh Ninety Eight Thousand Nine Hundred and Seventy Nine only) fully paid-up equity shares of Re. 1 (Rupee One only) each of Transferee Company held by Transferor Company 1 as on the Merger Record Date, 1,86,98,979 (One Crore Eighty Six Lakh Ninety Eight Thousand Nine Hundred and Seventy Nine only) Merger Shares shall be issued and allotted by the Transferee Company, free from all liens, charges, equitable interests, encumbrances and other third party rights of any nature whatsoever, to each shareholder of the Transferor Company 1 whose name is recorded in the register of members of the Transferor Company 1 as holding shares as of the Merger Record Date.

8. In so far as the amalgamation of the Transferor Company 2 into the Transferee Company is concerned, upon this Scheme becoming effective: (a) the equity shares of the Transferee Company held by the Transferor Company 2; (b) the equity shares of the Transferor Company 2 held by the Transferor Company 4 and (c) the equity shares of the Transferor Company 2 held by the Transferor Company 5, shall, without any further application, act, instrument or deed, be automatically cancelled and be of no effect on and from the Effective Date. Simultaneously and concurrent with such cancellation, the Transferee Company shall, without any requirement of any further act or deed, issue and allot the Merger Shares such that for 2,25,21,992 (Two Crore Twenty Five Lakh Twenty One Thousand Nine Hundred and Ninety Two only) fully paid-up equity shares of Re. 1 (Rupee One only) each of Transferee Company held by the Transferor Company 2 as on the Merger Record Date, 2,25,21,992 (Two Crore Twenty Five Lakh Twenty One Thousand Nine Hundred and Ninety Two only) Merger Shares shall be issued and allotted by the Transferee Company, free from all liens, charges, equitable interests, encumbrances and other third party rights of any nature whatsoever, to shareholders of the Transferor Company 2 whose name is recorded in the register of members of the Transferor Company 2 as holding shares as of the Merger Record Date.
9. In so far as the amalgamation of the Transferor Company 3 into the Transferee Company is concerned, upon this Scheme becoming effective: (a) the equity shares of the Transferee Company held by the Transferor Company 3; and (b) the equity shares of the Transferor Company 3 (a wholly owned subsidiary of the Transferor Company 4) held by the Transferor Company 4, shall, without any further application, act, instrument or deed, be automatically cancelled and be of no effect on and from the Effective Date. Simultaneously and concurrent with such cancellation, the Transferee Company shall, without any requirement of any further act or deed, issue and allot the Merger Shares such that for 2,10,07,665 (Two Crore Ten Lakh Seven Thousand Six Hundred and Sixty Five only) fully paid-up equity shares of Re. 1 (Rupee One only) each of the Transferee Company

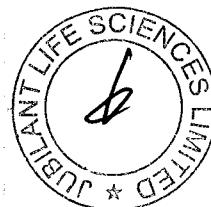




held by Transferor Company 3 as on the Merger Record Date, 2,10,07,665 (Two Crore Ten Lakh Seven Thousand Six Hundred and Sixty Five only) Merger Shares shall be issued and allotted by the Transferee Company, free from all liens, charges, equitable interests, encumbrances and other third party rights of any nature whatsoever, to each shareholder of the Transferor Company 3 whose name is recorded in the register of members of the Transferor Company 3 as holding shares as of the Merger Record Date.

10. In so far as the amalgamation of the Transferor Company 4 into the Transferee Company is concerned, upon this Scheme becoming effective, the shares of the Transferee Company held by the Transferor Company 4 shall, without any further application, act, instrument or deed, be automatically cancelled and be of no effect on and from the Effective Date. Simultaneously and concurrent with such cancellation, the Transferee Company shall, without any requirement of any further act or deed, issue and allot the Merger Shares such that for 3,22,68,661 (Three Crore Twenty Two Lakh Sixty Eight Thousand Six Hundred and Sixty One only) fully paid-up equity shares of Re. 1 (Rupee One only) each of the Transferee Company held by Transferor Company 4 as on the Merger Record Date, 3,22,68,661 (Three Crore Twenty Two Lakh Sixty Eight Thousand Six Hundred and Sixty One only) Merger Shares shall be issued and allotted by the Transferee Company, free from all liens, charges, equitable interests, encumbrances and other third party rights of any nature whatsoever, to each shareholder of the Transferor Company 4 whose name is recorded in the register of members of the Transferor Company 4 as holding shares as of the Merger Record Date.

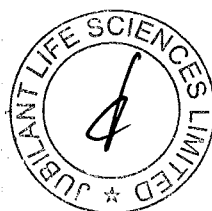
11. In so far as the amalgamation of the Transferor Company 5 into the Transferee Company is concerned, upon this Scheme becoming effective, the shares of the Transferee Company held by the Transferor Company 5 shall, without any further application, act, instrument or deed, be automatically cancelled and be of no effect on and from the Effective Date. Simultaneously and concurrent with such cancellation, the Transferee Company shall, without any requirement of any further act or deed, issue and allot the Merger Shares such that for 2,99,59,975 (Two Crore Ninety Nine Lakh Fifty Nine Thousand Nine Hundred and Seventy Five Only) fully paid-up equity shares of Re. 1 (Rupee One only) each of the Transferee Company held by Transferor Company 5 as on the Merger Record Date, 2,99,59,975 (Two Crore Ninety Nine Lakh Fifty Nine Thousand Nine Hundred and Seventy Five only) Merger Shares shall be issued and allotted by the Transferee Company, free from all liens, charges, equitable interests, encumbrances and other third party rights of any nature whatsoever, to each shareholder of the Transferor Company 5 whose name is recorded in the register of members of the Transferor Company 5 as holding shares as of the Merger Record Date.







12. Provided however that with respect to the amalgamations of the Transferor Companies into the Transferee Company, the number of Merger Shares will be equitably adjusted to reflect appropriately the effect of any share split, reverse share split, dividend, including any extra-ordinary cash dividend, reorganization, recapitalization, reclassification, combination, exchange of shares, or other like change with respect to the Transferee Company's shares on the books of the Transferee Company as on the Merger Record Date.
13. Upon the Effective Date referred above and with effect from the Demerger Appointed Date, the LSI business undertaking of the Demerged Company shall stand demerged and be transferred and vested in the Resulting Company on a going concern basis without any requirement of any further act, instrument or deed so as to become as and from the Demerger Appointed Date, the undertaking of the Resulting Company, and to vest in the Resulting Company, all the Assets, Intellectual Property, Liabilities, rights, title, interest or obligations of the LSI business undertaking therein, in the manner described hereunder.
14. Upon this Scheme becoming effective, the shares of the Resulting Company held by the Demerged Company shall, without any further application, act, instrument or deed, be automatically cancelled and be of no effect on and from the Effective Date. Simultaneously and concurrent with such cancellation, the Resulting Company shall, without any requirement of any further act or deed, issue and allot the Demerger Shares such that for every 1 (One only) fully paid-up equity shares of Re. 1/- (Rupee One only) each of the Demerged Company held by the shareholders of the Demerged Company as on the Demerger Record Date, 1 (One only) Demerger Shares shall be issued and allotted by the Resulting Company, free from all liens, charges, equitable interests, encumbrances and other third party rights of any nature whatsoever, to each shareholder of the Demerged Company whose name is recorded in the register of members of the Demerged Company as holding shares as of the Demerger Record Date. Provided however that, the number of Demerger Shares will be equitably adjusted to reflect appropriately the effect of any share split, reverse share split, dividend, including any extra-ordinary cash dividend, reorganization, recapitalization, reclassification, combination, exchange of shares, or other like change with respect to the Resulting Company's shares on the books of the Resulting Company as on the Demerger Record Date.





**D. Recommendation**

The Audit Committee having considered and taken note of the aforementioned documents and the Scheme as well as rationale, purpose, objects and benefits of the Scheme, hereby recommends the Scheme to (i) the Board of Directors of the Company for its favorable consideration and approval and (ii) be filed with SEBI, the BSE Limited and National Stock Exchange of India Limited for their favorable consideration.

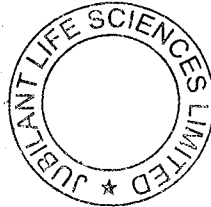
**BY ORDER OF THE AUDIT COMMITTEE  
FOR AND ON BEHALF OF JUBILANT LIFE SCIENCES LIMITED**

**(Vivek Mehra)**

**Chairman of the Audit Committee meeting  
held on October 25, 2019**

Date: October 25, 2019

Place: Noida





To,

The Board of Directors  
Jubilant Life Sciences Limited  
Bhartiagram, Gajraula,  
District Amroha  
Uttar Pradesh - 244223

**Subject: Addendum to the Audit Committee Report dated October 25, 2019 recommending the draft Composite Scheme of Arrangement**

Dear Sirs/Madam,

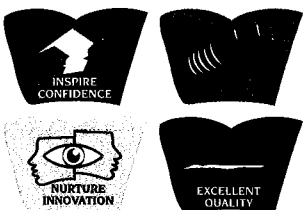
With reference to the Report of the Audit Committee dated October 25, 2019, I have been provided with copies of the following:

- (i) Addendum dated November 22, 2019 to the Report on Share Entitlement Ratio dated October 23, 2019 ('Share Entitlement Report') issued by Mr. Balwan Bansal, Registered Valuer and Independent Chartered Accountant;
- (ii) Addendum dated November 22, 2019 to the Fairness Opinion dated October 23, 2019 issued by Ernst & Young Merchant Banking Services LLP, SEBI Registered Merchant Banker; and
- (iii) Updated draft Composite Scheme of Arrangement ('Scheme'), with certain modifications.

It is noted that the modifications in the above draft Scheme, Share Entitlement Report and Fairness Opinion have, *inter alia*, been carried out on account of: (a) change in the shareholding of HSB Corporate Consultants Private Limited ("**Transferor Company 1**"), Jubilant Stock Holding Private Limited ("**Transferor Company 2**") and SSB Consultants & Management Services Private Limited ("**Transferor Company 3**") in Jubilant Life Sciences Limited due to *inter se* transfer of shares among the aforesaid transferor companies; and (b) redemption of 11,20,000 6% non-cumulative non-convertible redeemable preference shares of Rs. 100/- each fully paid up and 45,70,000 8% non-cumulative non-convertible redeemable preference shares of Rs. 100/- each fully paid up held by Transferor Company 1 and Transferor Company 3 respectively in Transferor Company 2, on November 20, 2019. These modifications do not in any way materially

A Jubilant Bhartia Company

OUR VALUES



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CIN : L24116UP1978PLC004624



affect the draft Scheme or the share exchange ratios for the amalgamations and share entitlement ratio for demerger as mentioned in the draft Scheme.

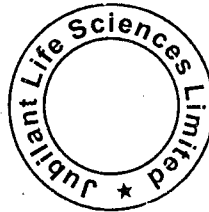
On behalf of the Audit Committee, I hereby recommend the above updated draft Scheme to (i) the Board of Directors / Directors and officials authorized by the Board of Directors of the Company for favorable consideration and approval; and (ii) for filing with the Securities and Exchange Board of India, the BSE Limited and National Stock Exchange of India Limited for their favorable consideration.

This addendum should be read in conjunction with the Report of the Audit Committee dated October 25, 2019.

By order of the Audit Committee  
For and on behalf of Jubilant Life Sciences Limited

(Vivek Mehra)

Chairman of the Audit Committee meeting  
held on October 25, 2019



Date: November 22, 2019

Place: Noida