JUBILANT LIFESCIENCES

October 7, 2016

To,

National Stock Exchange of India Ltd.
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra East,
Mumbai-400051

Scrip Code: JUBILANT

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400023

Scrip Code: 530019

Dear Sir/Madam,

Sub: Issue of unsecured high yield bonds by our wholly-owned subsidiary Jubilant Pharma Limited (a company incorporated under the laws of Singapore), outside India, under Regulation S of the U.S. Securities Act of 1933 (the "US Securities Act").

Further to our letter dated October 6, 2016, where we have informed about the closure of the benchmark offering of rated unsecured high yield bonds (the "**Notes**") in an aggregate principal amount of US$300 million by our material wholly-owned subsidiary, Jubilant Pharma Limited, outside India, under Regulation S of the US Securities Act, we would like to inform that the Notes have been listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on October 7, 2016.

With this letter, we have also attached the Final Offering Memorandum filed with the SGX-ST in connection with the issuance of the Notes.

The above is for your information and records.

Thanking You,

Yours Sincerely,
For Jubilant Life Sciences Limited

Rajiv Shah
Company Secretary

Encl.: as above

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UP, India
CIN : L24116UP1978PLC004624

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S ("REGULATION S") UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT").

IMPORTANT: You must read the following before continuing. The following applies to the offering memorandum following this notice (the "**Offering Memorandum**"), whether received by email or otherwise received as a result of electronic communication. You are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Memorandum. In accessing the Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them anytime you receive any information from us as a result of such access.

The Offering Memorandum has been prepared in connection with the proposed offer and sale of the securities described herein.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED HEREIN.

Confirmation of your representation. In order to be eligible to view the Offering Memorandum or make an investment decision with respect to the securities, investors must be located outside the United States. To the extent you purchase securities described in the attached Offering Memorandum, you will be doing so in reliance on Regulation S under the Securities Act. The Offering Memorandum is being sent at your request. By accepting the e-mail and accessing the Offering Memorandum, you shall be deemed to have represented to us that:

(1) you consent to delivery of such Offering Memorandum by electronic transmission; and

(2) either you and any customers you represent are outside the United States and the e-mail address that you gave us and to which the e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any state of the United States or the District of Columbia.

You are reminded that the Offering Memorandum has been delivered to you on the basis that you are a person into whose possession the Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located, and you may not, nor are you authorized to, deliver the Offering Memorandum to any other person

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where such offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and Citigroup Global Markets Singapore Pte. Ltd., Credit Suisse (Hong Kong) Limited, DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited and J.P. Morgan (S.E.A.) Limited (the "**Joint Lead Managers**") or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the bookrunners or such affiliate on behalf of us in such jurisdiction.

Under no circumstances shall the Offering Memorandum constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

This Offering Memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"), (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order, (iii) are outside the United Kingdom or (iv) are persons to whom an invitation or inducement to engage in investment activity within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "**relevant persons**"). The Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

No person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the securities other than in circumstances in which Section 21(1) of the FSMA does not apply to us.

The Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission, and consequently none of the Joint Lead Managers, or any person who controls the Joint Lead Managers, or any of its directors, officers, employees or agents accepts any liability or responsibility whatsoever in respect of any difference between the Offering Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

NOT FOR DISTRIBUTION IN THE UNITED STATES

CONFIDENTIAL

JUBILANT PHARMA LIMITED

(incorporated in the Republic of Singapore)

US$300,000,000 4.875% Senior Notes Due 2021

Jubilant Pharma Limited, a company incorporated under the laws of Singapore (the "**Company**") and a wholly-owned subsidiary of Jubilant Life Sciences Limited, a public company incorporated with limited liability in the Republic of India under the Indian Companies Act, 1956 (the "**Parent**"), is offering US$300,000,000 aggregate principal amount of its 4.875% Senior Notes due 2021 (the "**Notes**", and the offering of the Notes, this "**Offering**"). The Notes will mature on October 6, 2021. Interest on the Notes will be payable semi-annually in arrears on April 6 and October 6 of each year, commencing on April 6, 2017.

The Notes will be senior obligations of the Company and will rank *pari passu* in right of payment with all the Company's existing and future obligations that are not subordinated in right of payment to the Notes.

At any time on or after October 6, 2019, the Company may redeem all or part of the Notes by paying the redemption prices set forth in this Offering Memorandum under the caption *"Description of Notes—Optional Redemption"*. Prior to October 6, 2019, the Company will be entitled, at its option, to redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount of such Notes plus the Applicable Redemption Premium as of, and accrued and unpaid interest and additional amounts, if any, to the date of redemption. In addition, prior to October 6, 2019, the Company may redeem, at its option, up to 35% of the Notes with the net proceeds from certain equity offerings at the redemption price set forth in this Offering Memorandum under the caption *"Description of Notes—Optional Redemption"*. See *"Description of Notes—Optional Redemption"*. Upon the occurrence of certain events defined as constituting a change of control, the Company shall make an offer to each holder and each holder may require the Company to repurchase all or a portion of its Notes at 101% of their principal amount, plus accrued and unpaid interest and additional amounts, if any. In the event of certain developments affecting taxation, the Company may redeem all, but not less than all, of the Notes.

This Offering Memorandum includes information on the terms and conditions of the Notes, including redemption and repurchase prices, covenants and transfer restrictions.

Approval-in-principle has been received for the listing and quotation of the Notes on the Official List of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission of the Notes to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Notes or the Company.

The Notes have been provisionally rated "BB-" by Standard & Poor's Ratings Services ("**S&P**") and "BB" by Fitch Inc. ("**Fitch**"). Such rating of the Notes or the Company do not constitute a recommendation to buy, sell or hold the Notes and may be subject to revision or withdrawal at any time by S&P and Fitch.

Investing in the Notes involves a high degree of risk. See "Risk Factors" beginning on page 18 of this Offering Memorandum.

Price: 100.00% plus accrued interest, if any, from October 6, 2016.

The Notes will be issued only in registered form in minimum denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. We expect that the Notes will be delivered in book-entry form through the facilities of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**") on or about October 6, 2016 (the "**Issue Date**").

This Offering Memorandum has not been and will not be registered as a prospectus or a statement in lieu of prospectus in respect of a public offer, information memorandum or private placement offer letter or any other offering material with the Registrar of Companies in India in accordance with the Companies Act and other applicable laws in India for the time being in force. This Offering Memorandum has not been and will not be reviewed or approved by any regulatory authority in India or by any Indian stock exchange. This Offering Memorandum and the Notes are not and should not be construed as an advertisement, invitation, offer or sale of any securities whether by way of private placement or to the public in India. This Offering Memorandum may be displayed for information purposes only, on the websites of the Indian stock exchanges where the equity shares of the Parent are listed and on the website of the Parent.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other jurisdiction, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. This offering is being made in reliance on Regulation S under the Securities Act. In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), the Notes are not offered or sold to the public in that Relevant Member State other than to any legal entity which is a qualified investor as defined in the Prospectus Directive (2003/71/EC), as amended, and each purchaser of the Notes shall only offer or sell any of the Notes to qualified investors.

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

Citigroup **Credit Suisse** **DBS Bank Ltd.** **HSBC** **J.P. Morgan**

The date of this Offering Memorandum is September 29, 2016.

NOTICE TO INVESTORS

You should rely only on the information in this Offering Memorandum or to which we have referred you in this Offering Memorandum in making an investment decision with respect to the Notes. None of us nor any of the Joint Lead Managers (as defined below) have authorized anyone to provide you with any additional or different information. This Offering Memorandum may only be used where it is legal to sell the Notes. The information in this Offering Memorandum may be accurate only on the date of this Offering Memorandum.

We are relying on an exemption from registration under the Securities Act and Section 274 and/or Section 275 of the Securities and Futures Act, Chapter 289 of Singapore for offers and sales of securities that do not involve a public offering. We are relying on an exemption from registration under the Securities Act for offers and sales of securities outside the United States that do not involve a public offering. The Notes hereby have not been registered under the Securities Act or under any other securities laws. Unless they are registered, the Notes may be offered only in transactions that are exempt from these securities laws. This Offering Memorandum does not constitute an offer of, or an invitation by or on behalf of us, Citigroup Global Markets Singapore Pte. Ltd., Credit Suisse (Hong Kong) Limited, DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited and J.P. Morgan (S.E.A.) Limited (together, the "**Joint Lead Managers**"), or The Bank of New York Mellon, London Branch, in its capacity as trustee of the Notes (the "**Trustee**") or their respective affiliates or advisers, or any of the Agents (as defined herein) to subscribe for, or purchase, any of the Notes. The distribution of this Offering Memorandum and the offering of the Notes in certain jurisdictions may be restricted by law. For a description of certain further restrictions on offers and sales of the notes and distribution of the Offering Memorandum, see "*Plan of Distribution*". Persons into whose possession this Offering Memorandum comes are required by us, the Joint Lead Managers, the Agents and the Trustee to inform themselves about and to observe any such restrictions. By purchasing the Notes, you will be deemed to have made the acknowledgments, representations, warranties and agreements described in "*Transfer Restrictions*." You will be required to bear the financial risks of your investment which may be for an indefinite period of time. This Offering Memorandum has been prepared by us solely for use in connection with the issue and offering of the Notes as described herein. We have not authorized its use for any other purpose. This Offering Memorandum may not be copied or reproduced in whole or in part. This Offering Memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes. Distribution of this Offering Memorandum to any person other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorized, and any disclosure of any of its contents, without prior written consent, is prohibited. By accepting delivery of this Offering Memorandum, you agree to these restrictions.

We accept full responsibility for the information contained in this document (the "**Offering Memorandum**"). To the best of our knowledge and belief (and we have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. To the best of our knowledge and belief, having made all reasonable enquiries, we confirm that this Offering Memorandum contains all information with respect to us and the Notes which is material in the context of the issue and offering of the Notes. The statements contained in this Offering Memorandum relating to us and the Notes are, to the best of our knowledge and belief, in every material particular true and accurate and not misleading, and the opinions and intentions expressed in this document with regard to us and the Notes are honestly held based on reasonable assumptions and have been reached after considering all relevant circumstances and information presently available to us. To the best of our knowledge and belief, there are no other facts in relation to us or the Notes, the omission of which would, in the context of the issue and offering of the Notes, make any statement in this document

misleading in any material respect and all reasonable enquiries have been made by us to ascertain such facts and to verify the accuracy of all such information and statements. Where information contained in this Offering Memorandum includes extracts from summaries of information and data from various published and private sources, we accept responsibility for accurately reproducing such summaries and data. However, we have not independently verified the accuracy or material particulars of such information and do not make any representation with respect to the same.

None of the Joint Lead Managers, the Trustee, any Agent or their respective affiliates or advisers has separately verified the information contained in this Offering Memorandum (financial, legal or otherwise). Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers, any Agent or the Trustee or their respective affiliates or advisers as to the accuracy or completeness of the information contained in this Offering Memorandum or any other information supplied in connection with the Notes. Each person receiving this Offering Memorandum acknowledges that such person has not relied on the Joint Lead Managers, any Agent or the Trustee nor on any person affiliated with the Joint Lead Managers, any Agent or the Trustee in connection with its investigation of the accuracy of such information or its investment decision and each such person must rely on his own examination of us and the merits and risks involved in investing in the Notes. Prospective investors should not construe anything in this Offering Memorandum as legal, business or tax advice. Each prospective investor should consult its own advisers, as needed, to make its investment decision and to determine whether it is legally able to purchase the Notes under applicable laws or regulations.

No person is authorized to give any information or to make any representation not contained in this Offering Memorandum and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of us, the Joint Lead Managers, any Agent or the Trustee or their respective affiliates or advisers. The delivery of this Offering Memorandum at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

Market data and certain industry forecasts used throughout this Offering Memorandum have been obtained from market research, publicly available information and industry publications. Certain statistical information included herein relating to the pharmaceutical industry has been reproduced from sources which we believe to be reliable but whose accuracy and completeness cannot be guaranteed.

FORWARD-LOOKING STATEMENTS

Certain statements in this Offering Memorandum may constitute "forward-looking statements", including those using words such as "believe", "anticipate", "should", "intend", "plan", "will" "expects", "estimates", "projects", "positioned", "strategy" and similar expressions, that are based on our belief as well as assumptions made by and information currently available to us. Similarly, statements that describe objectives, plans or goals are also forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in

the future. Important assumptions and factors that could cause actual results to differ materially from those contemplated or projected, forecasted, estimated or budgeted in or expressed or implied by such projections and forward-looking statements, include, among others:

- changes in global economic, political and social conditions in the countries in which we operate, transact business or have interests;
- our ability to meet substantial working capital requirements and maintain existing credit facilities;
- actions by regulators and increased regulatory burdens in the countries in which we operate, transact business or have interests;
- the continued success of our business model;
- accidents, natural disasters, the outbreak of diseases and business interruptions occurring in the countries in which we operate, transact business or have interests or globally;
- our ability to successfully compete with other pharmaceutical companies;
- cost overruns or delays in launching our new projects, products or ventures;
- the availability and terms of external financing;
- the availability of resources (including but not limited to, labor, capacities, energy, raw materials and component parts);
- our ability to accurately forecast key trends and changes in the North American, European, Indian and wider global market;
- changes in laws, regulations, taxation or accounting standards practices that affect our resources, products and operations;
- changes in exchange controls, import controls or import duties, levies or taxes, in the markets in which we operate, transact business or have interests;
- changes in our relationship with the governments of the countries in which we operate, transact business or have interests;
- our business and operating strategies and our ability to implement such strategies;
- our ability to ensure continuity of senior management and our ability to attract and retain key personnel;
- our ability to service our debts and comply with relevant covenants;
- our ability to maintain adequate internal controls over financial reporting;
- instances of product recalls;
- our ability to keep logistical and other business costs to a minimum;

- changes in prices or demand for the services and products we provide in the markets in which we operate, transact business or have interests;

- the risks of increased costs in technologies related to our operations and the uncertainty of such technologies producing expected results;

- changes in the value of the U.S. dollar against other major global currencies and other currency changes;

- the ability of third parties to perform in accordance with contractual terms and specifications;

- acquisitions and divestitures which we may undertake; and

- other factors, including those discussed in "*Risk Factors*".

Forward-looking statements involve inherent risks and uncertainties and are not guarantees of future performance. Our results of operations, financial condition, liquidity, dividend policy and the development of the industry in which we operate may differ significantly from the impression created by the forward-looking statements in this Offering Memorandum. If one or more of these or other uncertainties or risks materialize, our actual results may vary materially from those estimated, anticipated or projected. Specifically, but without limitation, our capital costs could increase, projects could be delayed, and anticipated improvements in capacity, performance or profit levels might not be fully realized. Although we believe that the expectations of our management as reflected by such forward-looking statements are reasonable based on information currently available to it, no assurances can be given that such expectations will prove to have been correct. Accordingly, you are cautioned not to place undue reliance on the forward-looking statements, which speak only as at the date they are made. We do not undertake to update or revise any of them, whether as a result of new information, future developments or otherwise.

CONVENTIONS

In this Offering Memorandum, the term "**Company**" refers to Jubilant Pharma Limited on a standalone basis, the term "**Parent**" refers to Jubilant Life Sciences Limited on a standalone basis, and the terms "**Group**", "**we**", "**our**", "**us**" and "**our group**" refer to the Company and its consolidated subsidiaries and partnerships, as the context requires.

In this Offering Memorandum, unless otherwise specified or the context otherwise requires, references to "**$**", "**US$**", "**U.S. dollars**" and "**dollars**" are to United States dollars and references to "**Rs.**", "**rupee**", "**rupees**", "**Indian rupee**" or "**Indian rupees**" are to the legal currency of India, references to "**CAD**" or "**Canadian dollars**" are to the legal currency of Canada, and references to "**Euro**" and "**EUR**" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended. References to a particular "fiscal" year are to the fiscal year ended March 31 of such year. Unless otherwise indicated all translations in this Offering Memorandum from Indian rupees to U.S. dollars as at June 30, 2016 are based on an exchange rate of Rs. 67.52 to US$1.00, all translations in this Offering Memorandum from Canadian dollars to U.S. dollars as at June 30, 2016 are based on an exchange rate of CAD1.29 to US$1.00, and all translations in this Offering Memorandum from Euro to U.S. dollars as at June 30, 2016 are based on an exchange rate of EUR 1.0 to US$1.11.

In this Offering Memorandum, references to "**U.S.**" or "**United States**" are to the United States of America, its territories and its possessions. References to "**India**" are to the Republic of India. References to the "**Government**" or "**GoI**" are to the government of India.

Certain amounts and percentages included in this Offering Memorandum have been rounded to one decimal place, where applicable. Accordingly, in certain instances, the sum of the numbers in a column may not equal the total figure for that column.

PRESENTATION OF FINANCIAL INFORMATION

The historical financial information in the "*Summary Consolidated Financial and Other Information*" (other than "*— Non-GAAP Financial Measures*"), "*Selected Consolidated Financial and Other Information*" (other than "*— Non-GAAP Financial Measures*") and "*Related Party Transactions*" sections of this Offering Memorandum are of the that of the Company and its consolidated subsidiaries and partnerships on a consolidated basis. All other historical financial information in this Offering Memorandum is that of the pharmaceuticals business segment of the Company and its subsidiaries.

The life sciences business operations in China and Belgium and the investments in Safe Foods Corporation are included in the consolidated U.S. GAAP financial statements of the Company but do not form part of the pharmaceuticals business that is the focus of the Group and of this Offering Memorandum. Since under the Company's legal structure, Jubilant Life Sciences (Shanghai) Limited is a wholly-owned subsidiary of the Company and so, as per U.S. GAAP, the Company's consolidated financial statements are compiled by consolidating the Company and all its subsidiary companies, the China operations are included in the consolidated financial statements of the Company despite the fact that this subsidiary operates in the life sciences business of the Parent. During the fiscal year ended March 31, 2014, the life sciences business of the Parent was operated in Europe through Jubilant Pharmaceuticals NV. A new company was incorporated in Belgium namely Jubilant Life Sciences NV and the Life Science Ingredient business was transferred from Jubilant Pharmaceuticals NV to the new Company during September 2013. Since during the first six months of the fiscal year ended March 31, 2014, the life sciences business was operated through Jubilant Pharmaceuticals NV, sales and related costs in relation to the life sciences business were part of Jubilant Pharmaceuticals NV and hence included in the consolidated financial statements of the Company. The Company has made investments in Safe Foods Corporation which has no relation to the pharmaceuticals business of the Company. The Company's investment in Safe Foods Corporation have been transferred to the Parent as at the date of this Offering Memorandum and the Company proposes that its shareholding in Jubilant Life Sciences (Shanghai) Limited be transferred to the Parent as soon as regulatory approvals allow.

Our audited consolidated financial statements included elsewhere in this Offering Memorandum are presented in U.S. dollars and have been prepared in accordance with accounting principles generally accepted in the United States ("**U.S. GAAP**"), which differ in certain material respects from International Financial Reporting Standards, as issued by the International Accounting Standards Board ("**IFRS**").

NON-GAAP FINANCIAL MEASURES

We define EBITDA as profit before minority interest, tax expense, finance cost (net) (including expense on stock settled debt instrument) and depreciation and amortization. EBITDA as presented in this Offering Memorandum is a supplemental measure to our performance that is not required by, or

presented in accordance with, U.S. GAAP. EBITDA is not a measurement of financial performance or liquidity under U.S. GAAP and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with U.S. GAAP or as an alternative to cash flow from operating activities as a measure of liquidity. In addition, EBITDA is not a standardized term, hence our presentation of consolidated EBITDA may not be comparable to similarly titled measures presented by other companies.

We believe that EBITDA facilitates comparisons of operating performance from period to period by eliminating potential differences caused by variations in capital structures (affecting interest and finance charges), tax positions (such as impact on periods or companies of changes in effective tax rates or net operating losses), the age and booked depreciation and amortization of assets (affecting relative depreciation and amortization of expense) and exceptional items of income or expenses not affecting normal operations. We have included EBITDA because we believe it is an indicative measure of our operating performance and is used by investors and analysts to evaluate companies in our industry. EBITDA has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for, analysis of our financial condition or results of operations, as reported under U.S. GAAP. Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our businesses.

See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures*" for a reconciliation of profit/(loss) before income tax under U.S. GAAP to our definition of EBITDA.

The definition of EBITDA as used and presented in "*Description of Notes*" is different from the definition of EBITDA used elsewhere in this Offering Memorandum.

INDUSTRY AND MARKET DATA

Unless stated otherwise, industry and market data used in this Offering Memorandum has been obtained or derived from publicly available information as well as various industry publications and sources. The industry and market data used in this Offering Memorandum have not been independently verified by us, the Joint Lead Managers or any of their affiliates or advisors and therefore their accuracy and completeness are not guaranteed and their reliability cannot be assured. Data from these sources may also not be comparable. Accordingly, investment decisions should not be based solely on such information.

CRISIL Research, a division of CRISIL Limited ("**CRISIL**") has taken due care and caution in preparing certain information contained in "*Industry Overview*" (the "**Information**") based on the information obtained by CRISIL from sources which it considers reliable ("**Data**"). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data or the Information and is not responsible for any errors or omissions or for the results obtained from the use of Data or the Information. The Information is not a recommendation to invest or disinvest in any company covered in the Information. CRISIL especially states that it has no liability whatsoever to potential investors. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division/CRISIL Risk and Infrastructure Solutions Ltd ("**CRIS**"), which may, in their regular operations, obtain information of a confidential nature. The views expressed in the Information are that of CRISIL Research and not of CRISIL's Ratings Division or CRIS. No part of the Information may be published/reproduced in any form without CRISIL's prior written approval.

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DEFINITIONS AND GLOSSARY

In addition to the terms that are otherwise defined in this Offering Memorandum, the following sets out the definitions of certain terms used in this Offering Memorandum.

ANDA	Abbreviated New Drug Application
ANSM France	Agence nationale de sécurité du médicament et des produits de santé — ANSM (The French National Agency for Medicines and Health Products Safety)
ANVISA Brazil	Agência Nacional de Vigilância Sanitária (National Health Vigilance Agency — Brazil)
API(s)	Active Pharmaceutical Ingredient(s)
CDSCO	Central Drugs Standard Control Organization
CEP	Certification of suitability to the European Pharmacopoeia monographs
cGMP	Current Good Manufacturing Practice
CMO	Contract manufacturing organization
CNS	Central Nervous System
COFEPRIS Mexico	Comisión Federal para la Protección contra Riesgos Sanitarios (The Federal Commission for the Protection against Sanitary Risk — Mexico)
CRO	Contract Research Outsourcing
CVS	Cardio-Vascular System
DCGI	Drug Controller General of India
DMF	Drug Master Files
DTPA	Diethylene Triamine Penta Acetic Acid
EDC	Electronic Data Capture
EMA	European Medicines Agency
GI	Gastro-Intestinal
GLP	Good Laboratory Practices
HACCP	Hazard analysis and critical control points
KFDA Korea	Korea Food and Drug Administration
ICH	International Committee of Harmonisation

ICMR	The Indian Council of Medical Research
MCC South Africa	The Medicines Control Council — South Africa
MDP	Methyl Diphosphonate
MAA	Macro Aggregates of Albumin
Medicaid	The United States national social healthcare program for citizens with limited resources, which is a means tested program administered and funded jointly by the United States federal government and individual states
Medicare	The United States national healthcare social insurance plan administered by the United States federal government since 1968 that provides limited health insurance to United States citizens over age 65 and other citizens who are legally disabled and under age 65
MOHFW	Ministry of Health and Family Welfare, GoI
MSNA France	National Agency for the Safety of Medicines and Health Products — France
NDDS	New Drug Delivery System
NEDL	National Essential Drugs List
NPPA	National Pharmaceutical Pricing Authority
OCL	Ointment, Cream and Liquid
PET	Positron Emission Tomography
Pharmexil	Pharmaceutical Export Promotion Council
PMDA Japan	Pharmaceuticals and Medical Devices Agency — Japan
R&D	Research and Development
TGA Australia	Therapeutic Goods Administration — Australia
UKMHRA	Medicines and Healthcare Products Regulatory Agency — United Kingdom
USFDA	United States Food and Drug Administration

SUMMARY

This summary must be read as an introduction to this Offering Memorandum and is provided as an aid to investors when considering whether to invest in the Notes, but is not a substitute for the Offering Memorandum. Any decision to invest in the Notes should be based on a consideration of the Offering Memorandum as a whole. You should carefully read the entire Offering Memorandum, including the statements in "Risk Factors" and our consolidated financial statements and the notes thereto included elsewhere in this Offering Memorandum, before making an investment decision.

Overview

We are a global integrated pharmaceuticals group offering a wide range of products and services to global pharmaceutical customers. We are a wholly-owned subsidiary of Jubilant Life Sciences Limited (the "**Parent**") a company listed on the Bombay Stock Exchange and the National Stock Exchange in India. We are engaged in the development, manufacture and supply of APIs, solid dosage formulations, radiopharmaceuticals, and allergy therapy products. Our services comprise contract manufacturing of sterile injectables, ointments, creams and liquids. We serve our customers globally through our presence in North America, India, Europe and Japan and other emerging markets.

We organize our business as follows, which is reviewed by the Group's management on a consolidated basis as a pharmaceuticals business:

- *Generics*

    - *APIs* — We develop and produce APIs in the therapeutic areas of the Cardiovascular System ("**CVS**"), Central Nervous System ("**CNS**"), Gastro-Intestinal ("**GI**"), anti-infectives and anti-depressants. We are primarily focused on lifestyle driven therapeutic areas including CVS and CNS with a strategy of large capacity production and dedicated lines for high volume molecules. As at June 30, 2016, we had 38 commercialized APIs available and had filed 81 DMFs in the United States. Our APIs business generated revenues of US$87.3 million and US$21.3 million for the fiscal year ended March 31, 2016 and the three months ended June 30, 2016, respectively, which comprised 20.1% and 19.2%, respectively, of our total pharmaceuticals revenues, net for those periods.

    - *Solid Dosage Formulations* — We are engaged in the development, manufacture, sale and distribution of prescription generic pharmaceutical products in the United States, Europe, Japan and the rest of the world. As at June 30, 2016, we had 51 commercialized generics products across the United States, Europe, Canada, Japan and elsewhere. Our solid dosage formulations business generated revenues of US$121.1 million and US$28.8 million for the fiscal year ended March 31, 2016 and the three months ended June 30, 2016, respectively, which comprised 27.9% and 25.9%, respectively, of our total pharmaceuticals revenues, net for those periods.

- *Specialty Pharmaceuticals (Sterile Products)*

    - *Radiopharmaceuticals* — We develop, manufacture and market diagnostic imaging and therapeutic radiopharmaceutical products. Applications for our products include cardiology, oncology, thyroid uptake and scans, lung scans, kidney and brain imaging and

bone scans. Our radiopharmaceuticals business generated revenues of US$110.6 million and US$29.2 million for the fiscal year ended March 31, 2016 and the three months ended June 30, 2016, respectively, which comprised 25.4% and 26.2%, respectively, of our total pharmaceuticals revenues, net for those periods.

- *Allergy Therapy Products* — We provide products to the allergy specialty industry offering a range of over 200 different allergens and standard allergy vaccine mixtures. Our allergy therapy products business generated revenues of US$32.5 million and US$8.7 million for the fiscal year ended March 31, 2016 and the three months ended June 30, 2016, respectively, which comprised 7.5% and 7.8%, respectively, of our total pharmaceuticals revenues, net for those periods.

- *Contract Manufacturing of Sterile Injectables* — We develop and produce sterile injectables and non-sterile products focusing on the delivery of clinical and commercial fill and finish services for sterile parenteral pharmaceuticals, utilizing both liquid and lyophilization capabilities. Our CMO business generated revenues of US$82.7 million and US$23.2 million for the fiscal year ended March 31, 2016 and the three months ended June 30, 2016, respectively, which comprised 19.0% and 20.9%, respectively, of our total pharmaceuticals revenues, net for those periods.

We are a vertically integrated pharmaceuticals manufacturer, with two manufacturing facilities in India and four in North America. Our APIs manufacturing facility at Nanjangud, India, the solid dosage formulations facilities at Salisbury, Maryland, United States and at Roorkee, India, the sterile injectables manufacturing facility in Spokane, Washington, United States, the manufacturing facility for radiopharmaceuticals and the sterile and non-sterile manufacturing facility, both located in Kirkland, Montreal, Canada all have USFDA approval. Our solid dosage formulations plant in Roorkee, India has been granted the cGMP certificate by the Drug Controller General of India, Uttarakhand and has also obtained certifications by the USFDA, the UKMHRA, ANVISA and PMDA. Our corporate headquarters and central R&D center are located at Noida, India.

As at March 31, 2016, our products and services reached customers in 87 countries. We have subsidiaries in the United States to effectively penetrate this market.

Competitive Strengths

Leading market position in key products

We enjoy global and regional leading positions across our key business products. Our top 10 products by revenue contributed 46.2% and 44.9% to our total revenues from our pharmaceuticals business segment, net for the fiscal year ended March 31, 2016 and the three months ended June 30, 2016, respectively. According to internal management estimates, in APIs, we commanded approximately 21% of the global market share in carbamazepine, approximately 25% in oxcarbazepine, approximately 21% in meclizine, approximately 23% in citalopram and approximately 88% in pinaverium bromide, in each case as at March 31, 2016. In generic solid dosage formulations, according to internal management estimates, we enjoy approximately 18% market share in lamotrigine, approximately 23% market share in meclizine, approximately 46% market share in terazosin and approximately 37% market share in methylprednisolone in the United States, in each case as at March 31, 2016. According to internal estimates, in allergy therapy products, in 2015 we were ranked third in terms of sales in North America and are among the top five contract manufacturers of sterile injectables in North America.

Diversified product, customer and geographic mix to minimize concentration risk

We operate a diversified business model, benefiting from a global manufacturing and marketing presence with a broad customer base, and diversified product offerings and product sourcing capabilities. We are positioned across a range of products and geographic locations enabling us to capture different market segments, which offer opportunities to achieve higher revenue and margins and also minimize concentration risk.

Products and Product Supply. As at June 30, 2016, we had a diversified product portfolio of 38 commercial APIs, 51 commercialized generic solid dosage formulations, and over 200 different allergens and standard allergy vaccine mixtures sold across markets globally. We produce oral solid dosage formulations and APIs through two manufacturing facilities strategically located in different parts of India in addition to four international manufacturing facilities located in North America. We also have R&D centers in Noida, India, Montreal, Canada and Spokane, United States which focus on innovation and provide support for new products. We also have a diversified product supply, with our top 10 products by revenue contributing 46.2% and 44.9% of our total pharmaceuticals revenue for the fiscal year ended March 31, 2016 and the three months ended June 30, 2016, respectively, and our top product contributing 15.2% and 15.6% to our total pharmaceuticals revenue for the fiscal year ended March 31, 2016 and the three months ended June 30, 2016, respectively.

Customers. In terms of customer base, while we sell products and provide services to leading innovative pharmaceutical companies, for the fiscal year ended March 31, 2016 and the three months ended June 30, 2016 we derived 42.5% and 40.5%, respectively, of our total pharmaceuticals revenue from our top 10 customers.

Geographic diversification. We had sales in 87 and 74 countries in the world in the fiscal year ended March 31, 2016 and the three months ended June 30, 2016, respectively. Developed markets such as the United States, Canada, Europe and Japan collectively contributed approximately 86.6% and 83.7%, respectively, of our total pharmaceuticals revenue for the fiscal year ended March 31, 2016 and the three months ended June 30, 2016. With manufacturing facilities and sales offices in key developed markets such as the United States and Canada and a presence in emerging markets, we are positioned to take advantage of opportunities arising from diversified regions while not being overly dependent on any particular geography.

Global competitive edge due to low cost from vertically integrated operations

We believe our large scale capacity manufacturing sites in India provide us with a low cost advantage in terms of wages and raw materials prices as compared to many of our global competitors, as well as economies of scale. In addition, by virtue of our vertically integrated operations, we believe that we enjoy competitive advantages in the form of cost efficiencies by producing across the value chain, thereby reducing our dependence on third parties for supply of feedstock down the value chain and are insulated from significant price volatility in raw materials. The APIs from our manufacturing facilities are used for solid dosage formulations under our generics business.

Innovative product portfolio with strong R&D capability

Our captive value chain in our business lines and our large scale of production allow us to build and retain leadership through product innovation and new product launches. Our R&D continues to lead to new, innovative processes and new knowledge-driven products that increase the efficiencies of our production and allow us to capitalize on opportunities for growth in competitive markets. We have R&D centers located in India and North America and, as at March 31, 2016, we employed a team of

over 380 research scientists with expertise in the development of non-infringing processes for APIs and solid dosage formulations, specialized formulations and design for radiopharmaceuticals and other products which have been taken to commercialization. As at June 30, 2016, we and our Parent had filed intellectual property applications in various countries for innovations in relation to our pharmaceuticals segment, including applications relating to 140 inventions in APIs in a number of different countries, 70 inventions in solid dosage formulations in a number of different countries, 28 inventions in radiopharmaceutical products in a number of different countries and one invention for an allergy therapy product in the United States. As at June 30, 2016, we and our Parent had been granted 58 patents for APIs, nine for solid dosage formulations, 76 for radiopharmaceutical products and one for allergy therapy products of which 19 patents for APIs, four for solid dosage formulations, 41 for radiopharmaceuticals and one for allergy therapy products are actively used by us.

Through our investment in R&D, together with our implementation of management tools and strategies in manufacturing, design and project management, we continue to improve our cost competitiveness and quality of production by improving the efficiency of our supply chain management and developing better processes and product development and manufacturing capacities to reduce process inefficiencies, process variations, plant inefficiencies, assets under-utilization and the time required for product and process development.

Established relationships with our customers

We have established relationships with our top 10 customers. For the fiscal year ended March 31, 2016 and the three months ended June 30, 2016, our top 10 customers contributed 42.5% and 40.5%, respectively to our total pharmaceuticals revenue and have on average over five years of business relationships with us. Some of our business lines enter into long term contracts with our customers, the terms of which range from three to five years, with the balance of our sales based on purchase orders. This customer base provides us with a stable revenue stream.

Well positioned in the pharmaceuticals industry with attractive market dynamics

We believe we are well positioned to capitalize on growth opportunities in the pharmaceuticals markets by creating a sustainable competitive advantage in the businesses that we operate, having an established high-growth and high-margin, defensive pharmaceuticals business. With a more stringent regulatory environment and a higher in-house cost of manufacturing, global players are increasingly looking for "one stop shop" partners who can provide them with low cost manufacturing. We believe we are well positioned to benefit from such growth opportunities by offering services across the pharmaceutical value chain from APIs to solid dosage formulations and sterile injectables. With the expected improvement in the key developed markets over the next two to three years, on account of the focus on generic products by governments globally to reduce healthcare costs, we believe we are well placed to grow our international sales, in particular in Europe and Japan. As of 2015, the global pharmaceuticals market was estimated to be over US$1 trillion. The "BRICMT" countries of Brazil, Russia, India, China, Mexico and Turkey are developing into markets comparable in size to their western counterparts, and are important future areas of growth for generic drugs.

Highly qualified, experienced Board of Directors and management team supported by prudent financial policies

We have a distinguished Board of Directors with an average of over 30 years of industry experience as well as science and industry expertise. Our senior management team has an average of 20 years of work experience in the pharmaceuticals industry. Our management team is supported and guided by

prudent financial policies with respect to leveraging and capital structure, investments, dividends and hedging in addition to corporate governance policies. We believe our experienced management team has contributed to our past success. We also have in place strong control management systems for financial reporting.

Strong and attractive growth and profitability profile

Our revenues and profit from the pharmaceuticals business segment were US$434.4 million and US$49.1 million, respectively, for the fiscal year ended March 31, 2016. Our EBITDA from the pharmaceuticals segment for the fiscal year ended March 31, 2016 was US$117.8 million. Our focus is on leveraging free cash flows generated from our operations to further strengthen our ability to grow.

Business Strategies

Our strategic objective is to continue to maintain and establish leading market positions in select key business lines to drive profitable growth. As such, we have implemented the following core strategies:

Expand global leadership in chosen lines of business and increase market share by continuing to grow our product portfolio

We believe that our success is derived from our ability to select attractive product candidates. In addition, de-bottlenecking enables us to increase capacity utilization to achieve greater sales volume and to efficiently execute various regulatory approvals and launch of products. This allows us to minimize the time it takes from selection to marketing of our products. We intend to expand our pharmaceutical product portfolio by utilizing our market expertise in the United States, Europe, Canada and other targeted countries to identify new product development and marketing opportunities. We believe that we will have a higher likelihood of increasing our penetration in our existing markets by offering new product innovations to our customers to meet their needs for a variety of generic product alternatives. We believe that we are proactive in maintaining good relationships with key regulatory agencies in the United States, Japan and Europe and that our track record of compliance with global standards and regulations is an important factor in obtaining timely regulatory approvals and in maintaining long standing customer relationships. We intend to continue improving the capacity of our manufacturing facilities and production streams and value engineering through the application of value-added tools for productivity enhancement.

Capitalize on our strong customer relationships to create and pursue growth opportunities

We will continue to focus on maintaining and strengthening our relationships with pharmaceutical wholesalers, chain drug stores and mass merchandisers through the introduction of new products from our current pipeline and the identification and development of new products in response to the needs of our customers. We have arrangements with the some of the largest pharmacy chains in Canada, South Africa and Russia. In the United States, we work with major wholesalers. We intend to continue to increase market penetration of our existing marketed products and identify opportunities to develop and launch new products, through our relationships with these wholesalers and chain drug stores. We also plan to pursue growth opportunities by continuing to focus on high growth, high margin defensive pharmaceuticals through strategically expanding our capacity. To achieve this objective, we are aiming to expand our innovative product portfolio, strengthen our in-house R&D and expanding our geographic outreach while also promoting sustainability via our green initiatives under our promise of “Caring, Sharing and Growing”.

Optimize our margins while maintaining prudent financial policies

We plan to continue our focus on methods to optimize our margins through business excellence programs involving Six Sigma initiatives. In this regard, we expect to achieve higher gross margins for many of our new products and to improve our yields on existing products by increasing capacity utilization for these products. We also plan to improve our operating margins by leveraging our existing sales capabilities and administrative functions across an expanded revenue base as a result of expected growth in our product portfolio, thereby gaining scale in operations.

Principal strategies for core business lines

In addition to our overall group strategy outlined above, our principal strategies for our core business lines are as follows and are reviewed by the Group's management on a consolidated basis as a pharmaceuticals business:

- *Generics*

    - *APIs.* Our expansion in this business is based on new product launches and increase in share of our existing products. We believe that we are well placed to achieve sustainable growth through a well differentiated strategy of products and markets, a strong set of capabilities focused on product selection and cost optimisation and a highly capable team with a proven track record. Our forward integration with our solid dosage formulations business also ensures high capacity utilisation.

    - *Solid Dosage Formulations.* Our strategy to grow the top line and continue to be a preferred supplier to our customers is based on various strategic imperatives. Our spending on R&D is growing and we expect to increase our ANDA filings and approvals. We are focussed on increasing our product offerings in the oral solid segment and seek to exploit niche opportunities in steriles and other products. We are also diversifying our businesses geographically and we intend to continue expanding our business into emerging markets. Our focus is also on cost leadership with increased vertical integration in our portfolio mix. We have adopted a country-specific marketing and distribution strategy balancing the market needs and our capabilities. In the United States, our key market, we aim to grow our business through new launches and an increased market share for our existing products. In Japan we are aggressively pursuing product specific partnership with local players supported by our in-house Japan specific product development. Australia has developed as a key market for us and we are working on strengthening our pipeline and distribution partnerships. In Asia and the Middle East, we have brought strategic focus on promoting Jubilant brands and are also reaching out to leading local players for out licensing. We intend that growth in Africa would be primarily driven by the launch of our products in South Africa. In the Latin American market, growth will be driven by new launches and filings in Brazil and other growing markets.

- *Specialty Pharmaceuticals (Sterile Products)*

    - *Radiopharmaceuticals.* Our strategy is to continue to develop new products, and increase the number of nuclear medicine procedures to create a strong pipeline of product portfolio. Broadening the portfolio that we offer is aligned with our goal of being the leading manufacturer of nuclear medicine products in North America. At the same time our strategy also involves expanding into newer markets such as Latin America, Europe, Japan and Asia. Through collaboration and contractual arrangements with partners and the establishment of

new distribution channels, we aim to drive growth both in our current and future products. With established R&D capabilities the business is continually engaged in the development of new products that we intend to introduce in the future. RUBY-FILL®Sr82/Rb82, our most promising product, is an infuser device used for heart imaging which is currently under active USFDA review. In addition to RUBY-FILL®, we have a robust pipeline of multiple products to expand and strengthen our portfolio. Our strategy is that future growth will be driven by market penetration, new product launches and geographic expansion across emerging markets.

- *Allergy Therapy Products*. Our key competitive advantages include a strong presence across product lines, differentiated product portfolio, strong brand name (HollisterStier Allergy), broad sales reach and strong in-house parental manufacturing capabilities. Our strategy is to build on our leadership in the North American market and at the same time deepen penetration in Canada, New Zealand, France, South Korea and Australia. We are also exploring possibilities to expand into Latin America.

- *Contract manufacturing of Sterile Injectables.* Due to consolidation activities across the CMO space and our compliant regulatory status, we have seen an influx of new clients at both our Spokane and Montreal sites. We believe we are in a position to grow the CMO business at a growth rate higher than the industry average. With our continued focus on compliance, efficient and lean operations and producing quality products at the first time of asking, we have seen improvement in business and expansion in margins.

THE OFFERING

The summary below describes the principal terms of the Offering. Certain of the terms and conditions described below are subject to important limitations and exceptions. The "Description of Notes" section of this Offering Memorandum contains a more detailed description of the terms and conditions of the Notes, including the definitions of certain terms used in this summary.

Issuer	Jubilant Pharma Limited (the "**Company**")
Notes Offered	US$300,000,000 aggregate principal amount of Senior Notes due 2021
Issue Price	100.00%
Issue Date	October 6, 2016
Maturity Date	October 6, 2021
Interest Rate	4.875%
Interest Payment Dates	Interest on the Notes will be payable semi-annually in arrears on April 6 and October 6 of each year, beginning on April 6, 2017. Interest will accrue from the Issue Date.
Form and Denomination	The Company will issue the Notes on the Issue Date in global form in minimum denominations of US$200,000 and in integral multiples of US$1,000 in excess thereof, maintained in book-entry form. Notes in denominations of less than US$200,000 will not be available.
Ranking of the Notes	The Notes will be general obligations of the Company and will: • rank equally in right of payment with any existing and future indebtedness of the Company that is not subordinated in right of payment to the Notes; • rank senior in right of payment to any existing and future indebtedness of the Company that is subordinated in right of payment to the Notes; • be effectively subordinated in right of payment to any existing and future indebtedness of the Company that is secured by liens, to the extent of the value of the assets securing such indebtedness; and • be effectively subordinated to all existing and future obligations of the Company's subsidiaries.

Use of Proceeds	The Company estimates that the net proceeds it will receive from this offering of the Notes (after deduction of fees and commissions, and offering expenses) will be approximately US$295.3 million. The Company intends to apply the net proceeds as described in "*Use of Proceeds*".
Optional Redemption	The Company may: • redeem the Notes, in whole or in part, at any time on or after October 6, 2019, at the redemption prices described in this Offering Memorandum under the caption "*Description of Notes—Optional Redemption"* plus accrued and unpaid interest, if any, to the date of redemption; • redeem all or a portion of the Notes at any time prior to October 6, 2019, at a redemption price equal to 100% of the principal amount of such Notes plus the Applicable Redemption Premium as of, and accrued and unpaid interests and additional amounts, if any, to the date of redemption; and • in addition, prior to October 6, 2019, the Company may redeem, at its option, up to 35% of the Notes with the net proceeds from certain equity offerings at the redemption price set forth in this Offering Memorandum. See *"Description of Notes—Optional Redemption*".
Tax Redemption	If certain changes in the law of any relevant taxing jurisdiction become effective, the Company may redeem the Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption. See *"Description of Notes—Redemption for Taxation Reasons"*.
Additional Amounts	All payments made by or on behalf of the Company in respect of the Notes will be made without withholding or deduction for any taxes or other governmental charges, except to the extent required by law. If such withholding or deduction is required by law in any relevant taxing jurisdiction, subject to certain exceptions, the Company will pay additional amounts so that the net amount each holder of the Notes receives is no less than that which the holder would have received in the absence of such withholding or deduction. See "*Description of Notes—Additional Amounts."*

Change of Control	Upon the occurrence of certain change of control events, the Company will be required to offer to repurchase the Notes at a purchase price equal to 101% of their aggregate principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of such repurchase. See *"Description of Notes—Repurchase of Notes Upon a Change of Control."*
Certain Covenants	The Indenture governing the Notes will, among other things, restrict the ability of the Company and its Restricted Subsidiaries to: • incur additional indebtedness and issue preferred stock; • make investments or other specified restricted payments; • enter into agreements that restrict the Restricted Subsidiaries' ability to pay dividends and transfer assets or make inter-company loans; • issue or sell capital stock of Restricted Subsidiaries; • enter into transactions with shareholders or affiliates; • create liens; • enter into sale and leaseback transactions; • sell assets; • engage in different business activities; or • effect a consolidation or merger. Each of the covenants is subject to significant exceptions and qualifications. See *"Description of Notes—Certain Covenants"*.
Ratings	The Notes have been provisionally rated "BB-" by Standard & Poor's Ratings Services ("**S&P**") and "BB" by Fitch Inc. ("**Fitch**"). A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organization. Prospective investors should evaluate each rating independently of any other rating of the Notes or other securities of the Company.

Transfer Restrictions	The Notes have not been, and will not be, registered under the laws of the United States. The Notes are subject to restrictions on transfer and may only be offered or sold in transactions that are exempt from or not subject to the registration requirements of the U.S. Securities Act or, in case of Notes offered or sold to investors that are resident in a member of the European Economic Area, the Notes may be offered and sold only to qualified investors. See "*Plan of Distribution—Selling Restrictions*" and "*Transfer Restrictions*."
No Established Public Market of the Notes	The Notes will be new securities for which there will be no established trading market. Accordingly, there can be no assurances as to the development or liquidity of any market for the Notes.
Listing	Approval in-principle has been received for the listing of the Notes on the SGX-ST. The Notes will be traded on the SGX-ST in a minimum board lot size of US$200,000 for so long as the Notes are listed on the SGX-ST. So long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Company shall appoint and maintain a paying agent in Singapore, where such Notes may be presented or surrendered for payment or redemption, in the event that the Global Certificate representing such Notes is exchanged for definitive certificates. In addition, an announcement of such exchange will be made through the SGX-ST. Such announcement will include all material information with respect to the delivery of the definitive certificates or, as the case may be, certificates including details of the paying agent in Singapore.
Governing Law	The Indenture and the Notes will be governed by and construed in accordance with the laws of the State of New York.
Trustee and Paying Agent	The Bank of New York Mellon, London Branch
Registrar and Transfer Agent	The Bank of New York Mellon (Luxembourg) S.A.
Risk Factors.	Investing in the Notes involves substantial risks. Prospective investors should refer to *"Risk Factors"* beginning on page 18 for a discussion of certain factors that they should carefully consider before deciding to invest in the Notes.

SUMMARY CONSOLIDATED FINANCIAL AND OTHER INFORMATION

You should read the summary consolidated financial information presented below in conjunction with our consolidated financial statements and the notes thereto included elsewhere in this Offering Memorandum. You should also read the sections in this Offering Memorandum entitled "Capitalization and Indebtedness" and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

We have derived our summary consolidated financial information presented in the tables below from our audited consolidated financial statements for the fiscal years ended March 31, 2014, 2015 and 2016 and our unaudited interim condensed consolidated financial statements for the three months ended June 30, 2015 and 2016, which are included elsewhere in this Offering Memorandum.

Our consolidated financial statements as at and for the fiscal years ended March 31, 2014, 2015 and 2016 included elsewhere in this Offering Memorandum have been audited by KPMG, in accordance with auditing standards generally accepted in the United States of America, as stated in their audit report appearing elsewhere in this Offering Memorandum. Our unaudited interim condensed consolidated financial statements as at June 30, 2016 and for the three months ended June 30, 2015 and 2016 have been reviewed by KPMG, as stated in their review report appearing elsewhere in this Offering Memorandum.

Our consolidated financial statements are reported in U.S. dollars and prepared in accordance with U.S. GAAP.

Consolidated Statement of Income

	Year Ended March 31			Three Months Ended 30 June	
	2014	2015	2016	2015	2016
	(US$ thousands)				
Revenues (net)	525,218	462,427	454,681	117,332	115,523
Cost of goods sold	358,232	306,658	254,259	66,269	61,999
Selling, general and administrative expenses	66,556	76,114	65,142	15,946	16,046
Research and development expenses	26,765	24,820	25,621	6,133	6,285
Other operating income, net	1,503	4,782	8,674	1,747	1,399
Depreciation and amortization	25,558	26,067	24,134	6,227	5,910
Impairment of goodwill	618	—	—	—	—
Income from operations	**48,991**	**33,549**	**94,199**	**24,505**	**26,682**
Other (income)/expenses, net	16,877	30,133	27,952	6,883	6,770
Income before income taxes	**32,114**	**3,417**	**66,246**	**17,622**	**19,913**
Income tax expense/(credit)	7,833	(5,602)	17,534	2,433	3,831
Net Income	**24,281**	**9,018**	**48,712**	**15,189**	**16,082**
Less: Net income attributable to non-controlling interest	5,273	2,991	—	—	—
Net Income/(loss) attributable to Jubilant Pharma Limited	**19,009**	**6,027**	**48,712**	**15,189**	**16,082**

Consolidated Balance Sheet

	Year Ended March 31			Three Months Ended 30 June
	2014	2015	2016	2016
	(US$ thousands)			
Current Assets				
Cash and cash equivalents	30,264	28,335	29,363	21,402
Trade accounts receivable, net	84,409	84,969	96,354	90,229
Inventories	115,811	106,429	103,956	105,754
Restricted Cash	36	300	70	55
Due from related parties	2,807	271	594	539
Prepaid expenses and other current assets	23,438	18,594	38,621	17,652
Total Current Assets	**256,765**	**238,899**	**268,958**	**235,631**
Property, plant and equipment, net	269,377	266,256	260,726	256,855
Goodwill	170,924	156,450	155,980	155,818
Intangible assets, net	10,994	6,624	4,109	3,819
Investment securities	2,872	2,872	2,174	2,174
Restricted cash	300	19	2	2
Deferred income taxes	8,851	33,649	28,597	28,765
Other assets	691	3,474	1,364	2,608
Total Assets	**720,772**	**708,242**	**721,909**	**685,673**
Liabilities and stockholders' equity				
Current liabilities				
Short-term borrowings	16,308	29,518	45,702	28,282
Current portion of long-term debt	33,268	23,127	24,815	37,208
Trade accounts payable	27,088	29,475	31,420	27,775
Due to related parties	51,104	104,273	20,125	20,156
Deferred revenue	9,702	3,878	2,700	2,436
Accrued expenses and other current liabilities	23,963	26,275	45,798	28,400
Total current liabilities	**161,433**	**216,546**	**170,560**	**144,256**
Long-term debt, excluding current portion	76,893	324,714	326,685	299,706
Deferred income taxes	2,666	708	6,321	6,621
Other liabilities	8,320	9,686	14,956	16,600
Total liabilities	**249,310**	**551,655**	**518,521**	**467,183**
Stockholders' equity				
Equity share capital				
Jubilant Pharma Limited stockholders' equity	**448,245**	**156,587**	**203,388**	**218,489**
Non-controlling interest	23,216	—	—	—
Total stockholders' equity	**471,461**	**156,587**	**203,388**	**218,489**
Commitments and contingencies	—	—	—	—
Total liabilities and stockholders' equity	**720,772**	**708,242**	**721,909**	**685,673**

Consolidated Statement of Cash Flows

	Year Ended March 31			Three Months Ended June 30	
	2014	2015	2016	2015	2016
	(US$ thousands)				
Net cash provided by operating activities	24,610	54,078	75,052	18,310	20,629
Net cash used in investing activities	(36,742)	(269,783)	(86,405)	(6,522)	(900)
Net cash provided by/(used in) financing activities	29,310	216,040	12,458	(6,580)	(27,624)
Cash and cash equivalents at the close of the period	30,264	28,335	29,363	33,942	21,402

Non-GAAP Financial Measures

The below table sets out certain non-U.S. GAAP financial measures relating to our pharmaceuticals business segment (excluding the life sciences business operations in China and Belgium, and our investment in Safe Foods Corporation).

	Year Ended March 31			Three Months Ended June 30	
	2014	2015	2016	2015	2016
	(US$ thousands)				
Total revenue from Operation (net)	416,646	415,164	434,426	109,592	111,332
EBITDA[(1)]	68,478	62,747	117,782	29,116	32,252
Total expenditure[(3)]	348,168	352,417	316,644	80,476	79,080
EBITDA Margin[(2)]	16.4%	15.1%	27.1%	26.6%	29.0%

(1) For the fiscal years ended March 31, 2014, 2015 and 2016 and the three months ended June 30, 2015 and 2016, EBITDA is defined as profit before minority interest, tax expense, finance cost (net) (including interest on stock settled debt instrument) and depreciation and amortization.

(2) EBITDA Margin is defined as EBITDA for the period divided by total revenues from operation (Net) for that period.

(3) Total expenditure excludes finance cost (net) (including interest on stock settled debt instrument), depreciation and amortization.

EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) presented in this Offering Memorandum is a supplemental measure of our performance that is not required by, or presented in accordance with U.S. GAAP. EBITDA is not a measurement of financial performance or liquidity under U.S. GAAP and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with U.S. GAAP or as an alternative to cash flow from operating activities as a measure of liquidity. In addition, EBITDA is not standardized term; hence a direct comparison between companies may not be possible.

We believe that EBITDA facilitates comparisons of operating performance from period to period by eliminating potential differences caused by variations in capital structures (affecting interest and finance charges), tax positions (such as impact on periods or companies of changes in effective tax rates or net operating losses), and the age and booked depreciation and amortization of assets

(affecting relative depreciation and amortization of expense) and exceptional items of income or expenses not affecting normal operations. We have included EBITDA because we believe it is an indicative measure of our operating performance and is used by investors and analysts to evaluate companies in our industry.

See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures*" for a reconciliation of profit/(loss) before income tax under U.S. GAAP to our definition of EBITDA.

The definition of EBITDA as used and presented in "*Description of the Notes*" is different from the definition of EBITDA used elsewhere in this Offering Memorandum.

RISK FACTORS

This Offering Memorandum contains forward-looking statements that involve risks and uncertainties. Prospective investors should carefully consider the risks and uncertainties described below and the information contained elsewhere in this Offering Memorandum before making an investment in the Notes. In making an investment decision, each investor must rely on its own examination of us and the terms of the offering of the Notes. The risks described below are not the only ones faced by us. Our business, prospects, financial condition, cash flows and results of operations could be materially adversely affected by any of these risks. There are a number of factors, including those described below, that may adversely affect our ability to make payment on the Notes. The risks described below are not the only ones that may affect the Notes. Additional risks not presently known to us or that we currently deem immaterial may also impair our respective business, prospects, financial condition, cash flows and results of operations.

Risks Associated with Our Business

Regulatory controls and changes in regulations and public policy may reduce the profitability of new or current products.

Our business operates within a highly regulated environment. We must comply with a broad range of regulatory controls on the testing, manufacture and marketing of many of our products. In some countries, including the United States and Japan, regulatory controls have become increasingly demanding. We expect that this trend will continue and will expand to other countries. Although we have adopted measures to address these stricter regulations, such as increasing the efficiency of our internal research and development ("**R&D**") process in order to reduce the impact of extended testing on the time-to-market for our products, stricter regulatory regimes may increase our compliance costs, delay our product development and hinder our marketing and sales and we may therefore not be able to recover our investment into R&D.

Failure to achieve regulatory approval of new products can mean that we do not recoup our R&D investment through sales of that product. Regulatory agencies may at any time change regulations or reassess the safety and efficacy of our products based on new scientific knowledge or other factors. Such reassessments could result in the amendment or withdrawal of existing approvals to market our products, which in turn could result in a loss of revenue. This may occur even if regulators take action falling short of actual withdrawal. In addition, if we fail to comply fully with such regulations, then civil or criminal actions could be brought against us.

In March 2010, the U.S. Congress enacted the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act. This health care reform legislation is intended to broaden access to health insurance, reduce or constrain the growth of healthcare spending, enhance remedies against fraud and abuse, add new transparency requirements for healthcare and health insurance industries, impose new taxes and fees on the health industry and impose additional health policy reforms. Although this legislation has so far had no quantifiable impact on our business, it is likely to continue the pressure on pharmaceutical pricing, especially under the Medicare program, and may also increase our regulatory burdens and operating costs.

We expect both federal and state governments in the United States and foreign governments to continue to propose and pass new legislation, rules and regulations designed to contain or reduce the cost of healthcare while expanding individual healthcare benefits. Existing regulations that affect the price of pharmaceutical products may also change which could impact the sales of our products. Cost control initiatives could decrease the price that we receive for any product we develop in the future.

Any change in the regulations, enforcement procedures or regulatory policies set by regulatory agencies could increase the costs or time of development of our products and delay or prevent sales of our products. We cannot determine what effect changes in regulations, statutes, legal interpretation or policies, when and if promulgated, enacted or adopted, may have on our business in the future.

Such changes, or new legislation, could increase the costs or delay or prevent sales of our products and our revenues may decline and we may not be able to maintain profitability. In addition, increases in the time that is required for us to obtain required approvals could delay the commercialization of our new products.

We are dependent on the success of our R&D and the failure to develop new or improved products or process improvements or production techniques could subject us to write-offs or otherwise adversely affect our business, results of operations and financial condition and have a negative impact on our competitive position.

Our success depends on our ability to improve our existing products, develop commercially viable and sustainable new products or to develop process improvements that can improve time, quality and cost efficiency. The pharmaceutical industry is characterized by frequent advancements in technology, coupled with high R&D expenses. In addition, rapid and frequent advancements in technology and changes in market demand can often render existing technologies and equipment obsolete and require substantial new capital expenditures.

During the fiscal years ended March 31, 2014, 2015 and 2016 and the three months ended June 30, 2016, we spent US$26.8 million, US$24.8 million, US$25.6 million and US$6.3 million, respectively, on R&D, which accounts to 6.4%, 6.0%, 5.9% and 5.6%, respectively, of our total pharmaceuticals revenue in those periods. We cannot assure you that the investments we have made in R&D will yield satisfactory results in terms of improved products, or will yield any results at all. Despite our investments in this area, our R&D efforts may not result in the discovery or successful development of new products. In addition, even where we successfully obtain product registrations and/or market authorizations, there can be no assurance that the new or improved product will be commercially successful. Further, if our competitors develop new processes that may give them significant cost and marketing advantages, we may be unable to retain our customers, which would adversely affect our revenues and profitability.

If we are unable to maintain a sufficiently large portfolio of pharmaceutical products and services and manage their development and approval processes so as to bring them to market on a timely basis, our growth strategy may not be successful and our business would be adversely affected.

Our future success will depend to a significant degree on our ability to continue to develop and commercialize new pharmaceutical products in a timely and cost-effective manner. The development and commercialization of new products is complex, time-consuming and costly. Due to the long lead times associated with obtaining regulatory approvals for many of these products, as well as the competitive advantage that can come from gaining early approval, it is important that we maintain a sufficiently large portfolio of products and a product pipeline and manage their development and approval processes so as to bring products to market on a timely basis. The success of our new product offerings will depend upon several factors, including our ability to properly anticipate and respond to customer needs, to obtain timely regulatory approval of new products, identify available suppliers and manufacture such products. If we are not able to bring enough products to market, or if products are brought to market after competing products are commercialized, our growth strategy may not be successful and our business would be adversely affected.

Furthermore, if we are unable to expand our production capacity or increase utilization as needed, our business, results of operations and financial condition will be adversely impacted. We also cannot guarantee that any investment we make in developing products will be recouped, even if we are successful in commercializing those products. In the event of excess production and expiry of outdated stock, we might also have to bear the cost of disposing of the excess products. We also may not be able to utilize our available capacity, which in turn could affect our ability to recover our product development investments. If market conditions change, if operations do not generate sufficient funds or for any other reasons, we may decide to delay, modify or forego some aspects of our growth strategies. Our future results of operations may be adversely affected if we are unable to implement our growth strategies, which include proper management of our product portfolio.

If we are unable to respond adequately to the increased competition that we may face in the future we will lose market share and our revenues or profits will go down.

We face competition for many of the products that we currently manufacture. Our competitors may succeed in developing technologies, processes and products that are more effective and/or more cost effective than any we may develop or license. These developments could render our technologies, processes or products obsolete or uncompetitive, which would harm our business and financial condition.

We believe that some of our competitors have broader product ranges, stronger sales forces and better segment positioning than we do, which may enable them to compete more effectively. Some of our competitors may be willing to operate at a lower profit margin in order to gain market share, which may put competitive pressure on the prices of our products. Additionally, some of our competitors from China enjoy a lower cost base for some of our raw materials due to the availability of such raw materials at low prices. Furthermore, consolidation of market participants in our industry has occurred in recent years, may continue to occur and may challenge our competitive position and market share.

Our competitive prospects are dependent on whether we are able to:

- diversify and enhance our product lines and services in order to keep ahead of any developments by our competitors;
- achieve sufficient market penetration within a reasonable period following commercialization of our products and services;
- attract and retain qualified technical and scientific staff;
- effectively manage costs; and
- establish our products and services as equivalent or of better quality than those of our competitors.

Competition we face in certain of our business lines is described in more detail below.

Generics

In particular, we face intense competition in the market for generics, including for both APIs and solid dosage formulations, which require a high degree of technical expertise. The generic business line of the pharmaceutical market is characterized by a high level of price competition, as well as other competitive factors including reliability of supply, quality and enhanced product features. To the extent that any of our competitors are more successful with respect to any key competitive factor, our

business, results of operations and financial position could be adversely affected. Pricing pressure could arise from, among other things, limited demand growth or additional competitive products being introduced into a particular product market, price reductions by competitors, the ability of competitors to capitalize on their economies of scale and create excess product supply, the ability of competitors to produce or otherwise secure API at lower costs than what we are required to pay to our suppliers and the access of competitors to new technology that we do not possess. Once we develop these products, we need to identify and partner with a generic drug manufacturer that will use our APIs in their formulation or our solid dosage formulations to receive the required approvals. The regulatory approval process for new suppliers of APIs to generic manufacturers imposes significant timing constraints on bringing products to market. Suppliers who can gain early approval for their products have a competitive advantage for that API product. There is also no assurance that we will be able to continue identifying generic drug manufacturers as suitable partners.

In our solid dosage formulations business, any delays resulting from the failure in the bioavailability and bioequivalence studies or regulatory approvals may significantly reduce our capability to gain market share in this business.

Our competitors in APIs and solid dosage formulations include other pharmaceutical companies that develop or may develop products within the same therapeutic areas as our current and future products, such as major pharmaceutical and chemical companies, specialized contract research organizations, R&D firms, universities and other research institutions. Many of our competitors have greater financial resources, marketing capabilities and greater experience than we do in the testing and production of APIs and solid dosage formulations, obtaining regulatory approvals, manufacturing and marketing. If our competitors developing APIs that are coming off patent for sales in regulated markets are able to gain early approval and commercialize their products before we can, we will lose market share for such API products, and we may not be able to generate sufficient revenue and profit to offset our development costs for those APIs. Our competitors may also have long-term relationships with customers in the field of APIs and solid dosage formulations, which we are in the process of developing. As a result, we will have to commit resources in such a way as to inspire the trust and confidence of new customers, in particular in relation to our API and active ingredients businesses if we are unable to obtain new customers or maintain our relationship with existing customers, we will be unable to commercialize the APIs currently in the development phase.

Specialty Pharmaceuticals (Sterile Products)

We also face competition in our specialty pharmaceutical (sterile products) business line. Many of our competitors have substantially greater experience in the development and marketing of branded, innovative and consumer-oriented products. New competitors, including large pharmaceutical companies, have also recently entered the specialty pharmaceutical (sterile products) market. They may be able to respond more quickly to new or emerging market preferences or to devote greater resources to the development and marketing of new products and/or technologies than we can. As a result, any products and innovations that we develop may become obsolete or non-competitive before we can recover the expenses incurred in connection with their development. In addition, for these product categories we must demonstrate to physicians, patients and third-party payors the benefits of our products relative to competing products that are often more familiar or otherwise more well-established. If competitors introduce new products or new variations on their existing products, our marketed products may be replaced in the marketplace or we may be required to lower our prices.

For our contract manufacturing of sterile injectables business, pricing is a key driver to gain market share. We are under pressure to either engage in competitive pricing or to differentiate our services by other means. We aim to differentiate through improvement in our service quality, provision of added services such as product development, targeted formulation, laboratory analytical services as well as superior technical expertise. If we fail to implement our contract manufacturing of sterile injectables strategy, our business, results of operations and financial condition will be adversely impacted.

As the manufacture of our products is technically complex and highly regulated, product recalls or other problems may reduce sales, adversely affect our operating results and financial condition and delay the launch of new products.

The manufacture of our products is technically complex and subject to regulation by various governmental authorities throughout the world. For instance, we must comply with requirements of the USFDA, UKMHRA, EMA and other healthcare regulators with respect to the manufacture, labeling, sale, distribution, marketing, advertising, promotion and development of pharmaceutical products. Failure to comply with these requirements may lead to delays in the submission or approval of potential new products for commercialization and marketing, financial penalties, compliance expenditures, the recall or seizure of products, total or partial suspension of production and/or distribution, suspension of the applicable regulator's review of our submissions, enforcement actions, injunctions and criminal prosecution. For example, the Company completed a voluntary recall of batches of Bupropion in September 2015, due to quality issues. Although this recall has not had a material effect on our business, similar incidents could occur in the future.

We must register our facilities, whether located in the United States or elsewhere, with the USFDA as well as regulators outside the United States, and our products must be made in a manner consistent with current good manufacturing practices ("**cGMP**") or similar standards in each territory in which we manufacture. In addition, the USFDA and other agencies periodically inspect our manufacturing facilities. Following an inspection, the USFDA may issue a notice listing conditions that are believed to violate cGMP or other regulations, or a warning letter for violations of "regulatory significance" that may result in enforcement action if not promptly and adequately corrected. For example, our CMO facilities at Montreal and Spokane received warning letters from the USFDA in February 2013 and December 2013, respectively. The warning letter in respect of the Montreal facility cited, among other things, (i) inadequate investigation and root cause analysis, (ii) inadequate procedures for visual inspection and (iii) inadequate procedural controls to address disposition of material, and the letter in respect of the Spokane facility cited, among other things, (i) inadequate written procedures and safety operating procedures, (ii) inadequate documentation of work orders and (iii) poor investigations regarding root cause analysis. The Company's response was to shut down the facilities until the USFDA's concerns had been addressed and the USFDA formally confirmed that the violations identified in the warning letters were successfully resolved in September 2014, in the case of the Montreal facility, and July 2015, in the case of the Spokane facility. Whilst the violations identified in these warning letters have been successfully resolved, the Company's revenues were negatively impacted as a result of the disruption to our production from the facilities we had shut down. Furthermore, the USFDA or other regulatory authorities may identify other regulatory violations in our operations at these or our other manufacturing facilities from time to time. One or more of our significant manufacturing facilities may be the subject of further warning letters from regulators, who may impose restrictions on or withhold necessary approvals for their operations. If we are required to cease or limit production at such facilities, we could experience disruptions or delays to their production, which could materially and adversely affect our business. We may not succeed in mitigating the impact of such disruptions or delays if we do not remedy the violations identified, fail to do so in a timely manner, or if we are unable to reallocate our production to our other facilities.

In the fiscal year ended March 31, 2016 all six of our manufacturing facilities in our pharmaceuticals business segment (two in India and four in North America) were successfully audited by the USFDA. Our manufacturing facilities also did not receive any major observations in the audits and we believe that all observations were addressed in a timely manner. Most of the Establishment Inspection Reports ("**EIRs**") were received, indicating successful closure of these inspections. During the first three months ended June 30, 2016, our manufacturing facility at Roorkee was audited by the USFDA, and we have received the Form 483 from the USFDA containing their observations following the audit, although we have not yet received the EIR. The Company has however received product approvals post the USFDA audit on the Roorkee facility.

In addition, the submission of an application to a regulatory authority does not guarantee that a license to commercialize or market the product will be granted. Each authority may impose its own requirements and/or delay or refuse to grant approval, even when a product has already been approved in another country. In our principal markets, the approval process for a new product is complex, lengthy and expensive. The time taken to obtain approval varies by country but generally takes from six months to two years from the date of application. This registration process increases the cost to us of developing new products and increases the risk that we will not succeed in selling them successfully. Additionally, if our customers fail to obtain the required approval for their drug formulations which utilize our APIs, or if such approval is delayed, our customers may decide not to launch such formulations and cancel their tie-up arrangement with us, which may adversely impact our API sales.

Supply interruptions, any shutdowns of our manufacturing facilities or other manufacturing or production problems caused by unforeseen events may reduce sales and adversely affect our operating results and financial condition.

We are dependent on our manufacturing facilities for our production. We may encounter manufacturing problems or experience difficulties or delays in production as a result of any occurrence of the following events, or any other events beyond our ability to control:

- forced closings of manufacturing plants (as evidenced by the warning letters from the USFDA received by our Montreal and Spokane facilities in the past which have now been resolved);

- problems with supply chain continuity, including as a result of a natural or man-made disaster, at one of our facilities or at a critical supplier or vendor;

- manufacturing shutdowns, product shortages and delays in product manufacturing;

- problems with manufacturing, quality assurance/quality control or supply, or governmental approval delays, due to our consolidation and rationalization of manufacturing facilities and the sale or closure of certain sites;

- the failure of a sole source or single source supplier to provide us with necessary raw materials, supplies or finished goods for an extended period of time, which could impact continuous supply, as, for example, our radiopharmaceuticals division sources I-131 radioisotope from two suppliers. They are NTP and Nordion. Nordion is discontinuing the sale of I-131 after October 2016, and we are likely to have NTP as our sole supplier for I-131 for a period of time;

- shortages of qualified personnel;

- changes in applicable local and international legislations, rules and regulations;

- failures or bottlenecks in production processes, especially if we are unable to obtain adequate supply of utilities such as steam, power and water, or our inability to successfully implement debottlenecking measures to reduce idle time or improve operating efficiency by reducing plant outages, wastage or yield losses or otherwise.

- the failure of a third-party manufacturer to supply us with finished products on time;

- construction or regulatory approval delays related to new facilities or the expansion of existing facilities; and

- other manufacturing or distribution problems including limits to manufacturing capacity due to regulatory requirements, changes in the types of products produced, physical limitations or other business interruptions that could impact continuous supply.

Any of the above may result in reduced production, reduced sales, and adversely affect our business, financial condition and results of operations.

We must ensure a regular and secure supply of the raw materials required to produce our products. The principal raw material input for our APIs are active ingredients, fine chemical products and other intermediate compounds, almost all of which we purchase from third party sources. Due to the range of different products in our portfolio, we do not believe we have significant risk of supplier dependency on a consolidated basis. However, for some of our key raw materials, we have only a single or a few, external sources of supply, and alternate sources of supply may not be readily available. For example, there are only three major suppliers globally for the Iodine-131 radioisotope. Our radiopharmaceuticals division sources I-131 radioisotope from two suppliers, NTP and Nordion. Nordion is discontinuing the sale of I-131 after October 2016, and we are likely to have NTP as our sole supplier for I-131 for a period of time. If we are unable to maintain our relationships with our suppliers or find alternative suppliers, in the event of any supply shortage or disruption, on commercially acceptable terms our business, financial position and results of operations could be materially and adversely affected. If our supply of certain raw materials or finished products is interrupted from time to time, or proves insufficient to meet demand, our results of operations could be adversely impacted. In addition, if we are unable to obtain such raw materials, or if we are unable to obtain them at a competitive cost, our competitiveness would be affected and we may lose market share.

Certain of our products are produced by a single manufacturing facility, such as our allergy therapy products within our specialty pharmaceuticals (sterile products) business line which are solely produced by our Spokane facility. If any of the foregoing events, or any other events arise that affect the production of such products by the relevant manufacturing facility, we will be unable to reallocate production to alternative manufacturing facilities, which may affect our ability to manage our capacity utilization and product mix to the extent that our business may be materially and adversely affected.

Similarly, our manufacturing facility in India is the sole manufacturing facility for API. On account of this facility being located in India, it may be subject to risks that are typically applicable to developing countries, such as political instability, resulting from a change in government, changes in regulatory, economic, fiscal and taxation policies, social and civil unrest and other political, social and economic developments including natural calamities, terrorist attacks and regional conflicts which may affect the operations or profitability of our API manufacturing facility and our other manufacturing facility located in India.

Furthermore, we do not currently have any formal business continuity plans and disaster recovery plans implemented at any of our facilities. As such, we may not be able to handle discontinuity of operations should our operations at our manufacturing facilities be disrupted by any of the causes above. Such disruptions may lead to the loss of critical business information and financial losses which would have a material adverse effect on our business, financial condition and results of operations.

Because we have substantial international operations, our sales and profits may be adversely affected by currency fluctuations and restrictions as well as credit risks and appreciation or depreciation of other currencies against the U.S. dollar could affect the cost competitiveness of our international sales and reduce our overall profitability, increase the cost of our imports, borrowings and repayment of indebtedness and reduce our net income.

For the fiscal year ended March 31, 2016 and the three months ended June 30, 2016, 26.7% and 31.0%, respectively, of our total pharmaceuticals revenues came from sales outside North America, a percentage that we expect to increase as we expand our global operations. As a result, we are subject to significant foreign currency risks, including repatriation restrictions in certain countries. An increasing amount of our sales, particularly in Canada, India and European countries, is recorded in local currencies, which exposes us to the direct risk of devaluations, hyperinflation or exchange rate fluctuations. We may also be exposed to credit risks in some of these markets. The imposition of price controls or restrictions on the conversion of foreign currencies could also have a material adverse effect on our financial results. In particular, in the fiscal years ended March 31, 2014, 2015 and 2016 and the three months ended June 30, 2016 we recorded sales and expenses in various currencies such as the Indian rupee, Canadian dollar and Euro. As a result, fluctuations in exchange rates between the currencies in which such sales and expenses are incurred and the U.S. dollar may have a material adverse effect on our results of operations, the value of balance sheet items denominated in foreign currencies and our financial condition.

We use derivative financial instruments solely to manage some of our exposure to currency exchange rate fluctuations in some currencies in which we operate (see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Market Risks—Interest Rate Risks*"). We do not use derivative financial instruments or other "hedging" techniques to cover all of our potential exposure, and some elements of our financial statements, such as our equity position or operating profit or borrowings, are not fully protected against foreign currency exposures. Therefore, we cannot assure you that we will be able to limit all of our exposure to exchange rate fluctuations that could affect our financial results. Failure to hedge effectively against currency fluctuations may materially and adversely affect our results of operations and financial condition.

Our revenues and profits from generic pharmaceutical products typically decline as a result of pricing pressure.

As patents for branded products and related exclusivity periods expire or are ruled invalid, the first generic pharmaceutical manufacturer to receive regulatory approval for a generic version of the reference product is generally able to achieve significant market penetration and higher margins on that product. As competing generic manufacturers receive regulatory approval on a product, market share, revenue and gross profit typically decline for the original generic entrant. Prices of generic drugs typically decline, often dramatically, often within a few months from commercialization, especially as additional generic pharmaceutical companies (including low-cost generic producers

based in China and India) receive approvals and enter the market for a given product and competition intensifies. Consequently, our ability to sustain our sales and profitability on any given product over time is affected by the number of new companies selling such product and the timing of their approvals.

In addition, intense pressure from government healthcare authorities seeking to reduce their expenditures on prescription drugs, particularly in highly regulated European and United States markets, has resulted in lower pharmaceutical pricing, causing decreases in revenues and profits.

Furthermore, brand pharmaceutical companies continue to defend their products vigorously. For example, brand companies often sell or license their own generic versions of their products, either directly or through other generic pharmaceutical companies (so-called "authorized generics"). No significant regulatory approvals are required for authorized generics, and brand companies do not face any other significant barriers to entry into such market. Brand companies may also seek to delay introductions of generic equivalents, by:

- obtaining and enforcing new patents on drugs whose original patent protection is about to expire;
- filing patent infringement suits that automatically delay the approval of generic versions by the USFDA;
- filing citizens' petitions with the USFDA contesting generic approvals on alleged health and safety grounds;
- questioning the quality and bioequivalence of generic pharmaceuticals;
- developing controlled-release or other slightly modified versions, which often reduce demand for the generic version of the existing product for which we are seeking approval;
- making arrangements with managed care companies and insurers to reduce economic incentives to purchase generic versions;
- changing product claims and product labelling; and
- developing and marketing over-the-counter versions of brand products that are about to face generic competition.

These actions may increase the costs and risks of our efforts to introduce generic products and may delay or prevent such introduction altogether.

If we cannot maintain our position as a low-cost manufacturer in our product lines, we may not be able to capture anticipated business opportunities or we may lose market share.

We position ourselves as a low-cost manufacturer and compete on the basis of cost in most of our product segments, including APIs and generic solid dosage formulations. We also believe that we need to provide low cost manufacturing options for our contract manufacturing of sterile injectables customers to remain competitive. Multinational corporations have been increasing their outsourcing of such products to highly regarded companies, which include certain of our competitors, which can supply products at low cost that conform to quality standards set in developed markets. Furthermore, if our competitors adopt new technology more quickly or more successfully than we to improve on the manufacturing time and cost-effectiveness of the competing low cost products they offer, they may

gain market share at our expense. The emergence of substitutes to our core products may also negatively affect our sales. If we cannot establish and maintain our position as a low-cost manufacturer of high-quality products, we may not be able to capture anticipated business opportunities or we may lose market share.

The prices and availability of our raw materials and energy may vary with market conditions and may be highly volatile. Where feasible, we enter into multi-year contracts with volume commitments and prices which are linked to key input material prices. However, there have been in the past, and may be in the future, periods during which we cannot pass raw material price increases on to customers due to competitive pressure. Even in periods during which raw material prices decrease; we may suffer decreasing operating profit margins if the prices of raw materials decrease more slowly than do the selling prices of our products.

The loss of services of key management personnel could adversely affect our business.

Our success depends in part on the continued services of our Chairman and Managing Director, Mr. Shyam S. Bhartia, our Director, Mr. Hari S. Bhartia and other key members of senior management. We do not carry key person life insurance on any of our senior management personnel. If we lose the services of key senior management personnel, it would be very difficult to find and integrate replacement personnel in a timely manner. Mr. Shyam S. Bhartia and Mr. Hari S. Bhartia, in particular, are closely involved in the overall strategy, direction and management of our business. The loss of Mr. Shyam S. Bhartia, Mr. Hari S. Bhartia or any other members of senior management could impair our ability to implement our strategy, and thus have an adverse effect on our business.

If we are unable to defend ourselves in challenges related to IPRs, we could be subject to injunctions preventing us from selling our products, resulting in a decrease in revenues, or we could be subject to substantial liabilities that would lower our profits and adversely affect our financial condition.

There has been substantial patent related litigation in the pharmaceutical industry concerning the manufacture, use and sale of various products. We take all reasonable steps to ensure that our products do not infringe valid third-party IPRs. Although we are not currently aware of any such infringements, any material litigation or other communications alleging such infringements could delay the sale of or prevent us from selling our products. Companies in the pharmaceuticals industry commonly assert patent and other IPRs in order to delay or prevent competition. In the normal course of business, we are sometimes subject to lawsuits. The ultimate outcome of any such litigation could adversely affect our results of operations, financial condition and cash flow. Regardless of regulatory approval, should anyone commence a lawsuit against us with respect to any alleged patent infringement by us, whether because of the filing of an application for governmental approval, such as an ANDA, or otherwise, the expense of any such litigation and the resulting disruption to our business, whether or not we are successful, could harm our business. The uncertainties inherent in patent litigation make it difficult for us to predict the outcome of any such litigation. If we are unsuccessful in defending ourselves against these suits, we could be prevented from selling our products, resulting in a decrease in revenues, or to damages, which may be substantial. Either event could adversely affect our consolidated financial position, results of operations or liquidity.

Furthermore, in order to sell our API products in regulated markets, we are required to submit DMFs, which among other things, provide information regarding the production site, the API product, the manufacturing process and input materials. If the DMF for a particular API product is determined by a regulatory authority to be inaccurate and cancelled as a result, we could lose access to regulated markets. Similarly, in order to sell our solid dosage formulations, we require ANDAs or dossiers,

which provide information on, among others, manufacturing process and facility, stability data, input material, and make reference to the DMF of APIs used. If the ANDA or dossier is found to be incorrect, launches of our solid dosage formulations may be delayed and we could fail to capitalize on related business opportunities.

Historically, in addition to patents, we have relied on trade secrets, know-how and other proprietary information. To protect such information, we require our employees, vendors and suppliers to sign confidentiality agreements. However, these confidentiality agreements may be breached, and we may not have adequate remedies for any breach. If our IPRs are infringed or if our trade secrets are compromised by third parties, competitive advantages deriving from our usage or access of such rights and information may be revealed to our competitors, compromising our competitiveness and adversely affecting our business. Third parties that obtain our proprietary information may procure IPR on such information, or on substantially equivalent proprietary information that they develop based on our proprietary information, which could affect the validity of our own IPR claims on the revealed proprietary information.

Our development of products may be limited to the extent that their manufacturing processes are considered to infringe existing third party IPRs. In particular, an ANDA for a generic formulation utilizing APIs that we have developed will not be approved by the USFDA if our APIs infringe on a third party's IPR. Although we have a dedicated IPR team of trained scientists whose primary task is to ensure that our APIs are manufactured using only non-infringing processes, there can be no certainty that our APIs do not infringe on the IPRs of other parties. In addition, patent applications are currently pending for some of the technologies currently being utilized by us. If the patent application is rejected or challenged, any aspect of our business reliant on such technologies would be disrupted. Any such disruption would harm our business.

Our products may have unanticipated adverse effects or possible adverse effects, and if we are sued by our customers or end users for defects in our products, it could harm our reputation and thus our profits and may subject us to regulatory investigations or sanctions.

Our products may have previously unknown safety or efficacy concerns or unknown side effects. While our products are subject to bioequivalency studies and statistical analysis during the development process prior to approval, there are inherent limitations with regard to the design of such trials, the limited time used to measure the efficacy of the product and the limited ability to perform long-term monitoring. In the event that such unanticipated side effects are discovered, we may be required to add descriptions of the side effects as "precautions" to the packaging of our products, recall and terminate sales of products or conduct costly post-launch clinical studies. Furthermore, concerns of potential side effects could arise among consumers or medical professionals, and such concerns, whether justified or not, could expose us to negative publicity and have an adverse effect on sales of our products and our reputation. The performance, quality and safety of our products also depends on the effectiveness of our quality control system, which in turn depends on a number of factors, including the design of the system, our quality training program and our ability to ensure that our employees adhere to our quality control policies and guidelines.

In addition, under certain contracts we have entered into with our customers in our generics business line and under certain purchase orders that are issued by our customers we have provided product specification related warranties to our customers and have agreed to indemnify our customers in case of breach of such product specification warranties. Further, certain customers have the right to terminate their respective contracts with us without assigning any cause. If an indemnity claim is made or a contract is terminated, it may have an adverse impact on our business.

We cannot assure you that a product liability claim will not be brought against us in the future. A product liability claim could require us to pay substantial damages. Product liability claims against us, whether or not successful, are costly and time-consuming to defend. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for our products;
- injury to our reputation or adverse publicity against us;
- initiation of investigations by regulators;
- costs to defend the related litigation;
- a diversion of management's time and resources;
- compensatory damages and fines;
- product recalls, withdrawals or labeling, marketing or promotional restrictions;
- loss of revenue; and
- exhaustion of any available insurance and our capital resources.

Additionally, from time to time, the pharmaceutical industry has experienced difficulty in obtaining desired amounts of product liability insurance coverage. We export, and also manufacture and sell, products to highly regulated markets, including the United States, which are noted for their litigious nature and high awards of damages.

While we have public and product liability insurance covering the products produced by the Company and its subsidiaries, such liability insurance is subject to a maximum liability threshold indemnifying us for bodily injury and property damage arising out of our premises, operations or products, subject to certain customary exclusions, including bodily injury to an employee of the insured arising out of and in the course of employment by the insured, workmen compensation, property damage to property owned or occupied by or rented to the insured and liabilities arising out of deliberate or wilful non-compliance with statutory provisions. Our public and product liability insurance may not be adequate and, at any time, insurance coverage may not be available to mirror all our contractual obligations on commercially reasonable terms or at all. If any product liability claim was sustained against us for products not covered by existing product liability insurance or where the damages awarded exceeds the limits set on the existing insurance cover, it could harm our business and financial condition. Even for the products where we carry the product liability insurance our claims may not be fully accepted by the insurance companies. This risk is likely to increase as we increase the number of products that we develop internally and sell internationally.

Compliance with increasingly stringent safety or emissions standards relating to our manufacturing facilities, or other environmental regulations, may adversely affect our business and results of operations.

Our operations are subject to environmental laws and regulations and regulated by various environmental agencies and authorities including the United States Environmental Protection Agency, the Environment and Climate Change Canada/Department of the Environment and the Pollution Control Boards in India. Some of our R&D and manufacturing operations involve dangerous chemicals, processes and by-products. The manufacture of pharmaceuticals and sterile injectables and

non-sterile products is also subject to stringent regulations. We anticipate that customer requirements as to the quality and safety of our production processes and products will continue to increase. In anticipation of such requirements, we have incurred substantial expenditures and allocated other resources to proactively adopt and implement manufacturing processes to increase our adherence to environmental quality standards and enhance our industrial safety levels. We expect to continue to incur substantial capital expenditure costs in the future in order to maintain compliance with environmental regulations and customer requirements. We could also be liable, under applicable environmental laws and regulations, for environmental remediation and response costs at third-party locations where we dispose of or recycle hazardous substances. We have environmental liability insurance coverage for some of our facilities, which is in line with industry practice, but there is no assurance that we would not be exposed to claims that are only partially or not covered at all. If we incur substantial costs that we have not made adequate provisions for or which are not covered under our insurance, our business, results of operations, financial condition, and cash flows condition could be materially and adversely affected. Such costs may increase our cost of production and reduce our profit margins. Further, if we are unable to comply with environmental laws and regulations, we may lose customer orders or be subject to monetary penalties, criminal sanctions or other enforcement actions by regulatory bodies including plant closures or product withdrawal which could further adversely affect our business or results of operations. We require various environmental approvals to carry on our business and we are subject to various ongoing compliance requirements. In the ordinary course of business, there may be instances where certain of our approvals have expired and applications for renewal of these approvals have been submitted upon expiry. If the necessary renewals are not granted or granted subject to certain restrictions, our business or operations may be adversely affected. For details on the environmental regulations to which we are currently subject, see "*Business—Environmental Matters*".

Risks from the handling of hazardous materials could harm our operating results.

Our operations are subject to the operating risks associated with pharmaceutical and chemical manufacturing, including the related storage and transportation of raw materials, products and waste. These hazards include, among other things:

- pipeline and storage tank leaks and ruptures;
- explosions; and
- discharges or releases of toxic or hazardous substances.

Such hazards may cause personal injury, property damage and environmental contamination, and may result in the shutdown of affected facilities and the imposition of civil or criminal penalties. The occurrence of any of these events may subject us to litigation and/or significantly reduce the productivity and profitability of a particular manufacturing facility and harm our operating results.

Although we maintain an industrial all-risk insurance policy for all our primary manufacturing facilities that we believe is in accordance with customary industry practices, we cannot assure you that this insurance will be adequate to cover fully all potential hazards incidental to our business.

Our research and manufacturing activities also involve the use of chemical, biological, radiological or nuclear substances. Although we believe that our safety standards, and other aspects of operations are sufficient to prevent exposure to any person, including employees, from handling such substances, whether during research, manufacture, warehousing, transportation, sale, and waste disposal, we cannot eliminate the risk of accidental or man-made contamination, injury or damage from these

materials. In the event of an accident or environmental discharge, we may be held liable for any resulting damages. We cannot assure that the amount of our insurance coverage will be sufficient to satisfy any such damages. As a result, any such accident or man-made contamination, injury or damage from these materials could have a material adverse effect on our business, financial condition, results of operation and prospects.

For more detailed information on environmental issues, see "*Business—Environmental Regulation and Initiatives*".

We may not be able to hire and retain sufficient numbers of qualified professional personnel that we need to succeed because these personnel are limited in number and in high demand.

Our dependence on R&D makes it highly important that we recruit and retain high quality R&D specialists. We commit substantial resources to this effort given the competition for qualified and experienced scientists from biotechnology, pharmaceutical and chemical companies, as well as universities and research institutes, in India and abroad. In particular, we will need to hire significant numbers of new, highly-skilled scientific and technical personnel to staff our pharmaceutical business. In addition, our increased focus on innovative and specialty pharmaceuticals requires more extensive use of a direct sales force than does our core generic business, due to the greater complexity of our specialty pharmaceuticals products. Our ability to realize significant revenues from direct marketing and sales activities depends on our ability to attract and retain qualified sales personnel. Competition for qualified sales personnel is intense. We may also need to enter into co-promotion, contract sales force or other such arrangements with third parties, for example, where our own direct sales force is not large enough or sufficiently well-aligned to achieve maximum penetration in the market. Any failure to attract or retain qualified personnel for such R&D functions and sales personnel as well as staff generally in functions such as manufacturing, finance, information technology and management, or to enter into third-party arrangements on favorable terms could adversely affect our business and our operating results and financial condition could be harmed. There can be no assurance that we will be able to successfully attract, assimilate or retain sufficiently qualified personnel.

We are exposed to risk of changes in tax legislation and the interpretation of such legislation and a termination or expiration of governmental tax incentive programs or tax benefits in the jurisdictions in which we operate and our tax liabilities could be larger than anticipated which could adversely affect our overall effective tax rate.

Our activities are subject to tax at various rates around the world computed in accordance with local legislation and practice. Action by governments to increase tax rates or to impose additional taxes may reduce our profitability. Revisions to tax legislation or to its interpretation (whether with prospective or retrospective effect) may also affect our results and significant judgment is required in determining our provision for income taxes. Likewise, we are subject to audit by tax authorities in many jurisdictions. In such audits, our interpretation of tax legislation might be challenged and tax authorities in various jurisdictions may disagree with, and subsequently challenge, the amount of profits taxed in such jurisdictions. Although we believe our estimates are reasonable, the ultimate outcome of such audits and related litigation could be different from our provision for taxes and might have a material adverse effect on our financial statements.

Moreover, our tax expenses and the resulting effective tax rate reflected in our financial statements are likely to increase over time as a result of changes in corporate income tax rates, other changes in the tax laws of the various countries in which we operate or changes in the mix of countries where we generate profit. We have benefited or currently benefit from a variety of tax benefits that generally carry conditions that we must meet in order to be eligible to obtain such benefits. If we fail to meet

the conditions upon which certain favorable tax treatment is based, we would not be able to claim future tax benefits and could be required to refund tax benefits already received. Additionally, some of these tax incentive programs and the related tax benefits are available to us for a limited number of years, and these benefits expire from time to time. For example, our average tax rate (calculated on profit before tax and exceptional items) increased to 26.3% in the fiscal year ended March 31, 2016 from a tax credit equivalent to 103.0% in the fiscal year ended March 31, 2015.

Any of the following could have a material effect on our overall effective tax rate:

- some government tax incentive programs may be discontinued;
- we may be unable to meet the requirements for continuing to qualify for some tax incentive programs;
- these tax incentive programs and tax benefits may be unavailable at their current levels;
- upon expiration of a particular benefit, we may not be eligible to participate in a new tax incentive program or qualify for a new tax benefit that would offset the loss of the expiring tax benefit; or
- we may be required to refund previously recognized tax benefits if we are found to be in violation of the stipulated conditions.

A failure of our internal controls over financial reporting may have an adverse effect on our business, results of operations, cash flows and financial condition.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting for external purposes, including with respect to record keeping and transaction authorization. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected. Any failure to maintain an effective system of internal control over financial reporting could limit our ability to report our financial results accurately and in a timely manner, or to detect and prevent fraud, which could have a material adverse effect on our business, results of operations, cash flows and financial condition.

If we have difficulty in integrating companies or businesses that we merge with or acquire, we may be unable to realize the anticipated benefits of such mergers or acquisitions, or our existing business may be harmed.

We may expand our business through selective, targeted mergers or acquisitions of businesses and assets we believe to be complementary to our existing business. Mergers and acquisitions may involve a number of risks, including diversion of management's attention, failure to retain key acquired personnel and clients, unanticipated events or circumstances, cultural differences, legal liabilities and amortization of acquired intangible assets, some or all of which could harm our results of operations and financial condition. For example, we acquired a controlling interest in Cadista Holdings, Inc. ("**Cadista**") in 2005. Since that acquisition, we have gradually increased our equity stake in Cadista, so that Cadista is now a wholly-owned subsidiary. However, prior to gaining 100% of the shares in Cadista, we had disagreements with certain of the minority shareholders in Cadista, which resulted in litigation against the Company (although the Company was ultimately successful in the acquisition of the minority interests in Cadista) and the lawsuit has been concluded. At that time these disagreements complicated our ability to manage that business and to integrate it into the broader strategic and

financial planning of the Group, including arranging for Group-wide financing. If we are not able to successfully integrate other businesses we may acquire or merge with in the future, with the rest of our business, we may be unable to realize the anticipated benefits of such mergers or acquisitions, or our existing business may be harmed.

In addition, we may acquire or make strategic non-controlling investments in complementary businesses or assets, or enter into strategic partnerships or alliances with third parties in order to enhance our business. It is possible that we may not identify suitable investment or partnership candidates, or if we do identify suitable candidates, that we may fail to complete those transactions on terms commercially acceptable to us or at all, or fail to realize strategic benefits or encounter disputes with other partners in the partnerships or alliances we enter into, and our competitiveness and growth prospects could be adversely affected.

We depend on certain key products for a significant portion of our total pharmaceuticals revenue, cash flows and earnings, and any events that adversely affect the markets for our key products may adversely affect our business, financial condition and results of operations.

We derive a significant portion of our revenue and earnings from a few key products. Specifically, for the fiscal year ended March 31, 2016, and the three months ended June 30, 2016, our top 10 products by revenue comprised 46.2% and 44.9%, respectively, of our total pharmaceuticals revenue.

If the volume or pricing of our largest selling products declines in the future or we are unable to satisfy market demand for these products, our business, financial position and results of operations could also be materially adversely affected. Any event that adversely affects any of these products or their markets could have a material and adverse effect on our business, financial condition and results of operations. These events could include, among other things:

- loss of patent protection;
- availability of competing products and pricing action by competitors;
- entry of new competitors into the marketplace;
- alternative or substitute products that become available;
- unanticipated changes in product quality or product modifications required by our customers;
- discovery of previously unknown side effects, product liability claims or product recalls or safety alerts;
- manufacturing or supply interruptions;
- changes in prescribing practices of physicians;
- increased competition from the introduction of new, more effective treatments; and
- increased costs associated with manufacturing which cannot be passed along to customers.

Any factor adversely affecting the sale of our key products may cause our revenues to decline, and we may not be able to maintain profitability.

We have entered into long term contracts with certain of our major customers. Any loss of business from one or more of them may adversely affect our revenues and profitability.

In our contract manufacturing of sterile injectables and radiopharmaceuticals businesses we typically enter into contracts with our customers with terms from three to five years and we generate a substantial portion of our revenues from customers with longer-term contracts. Our sterile injectables facility in Spokane, Washington derives a significant portion of revenue from a single customer. If any such customers discontinue their contracts with us, this could adversely affect these business lines. If any of our key customers terminate their contracts, or delay or breach payment obligations, or reduce the volume of business we receive under the contracts, our revenues and profitability may be adversely affected.

We derive sales and procure supplies in countries that may be adversely affected by political or economic instability, major hostilities or acts of terrorism.

We are a global pharmaceutical company with worldwide operations and one of our strategic objectives is to continue to expand our geographic outreach. Although over 80% of our sales are in North America and Europe, we derive a portion of our sales and future growth from other regions such as Asia, the Middle East and Central and Eastern Europe, which may be more susceptible to political or economic instability. Moreover, as we often export a substantial number of products into such markets, we may, therefore, be denied access to our customers or suppliers of our raw materials or denied the ability to ship products from any of our sites as a result of a closing of the borders of the countries in which we sell our products, or in which our operations are located, due to economic, legislative, political and military conditions, including hostilities and acts of terror, in such countries.

In certain markets, we rely on third party distributors and other agents whose anti-corruption policies may not be as robust as our own.

In many less-developed markets, we rely heavily on third-party distributors and other agents for the marketing and distribution of our products. Many of these third parties do not have internal compliance resources comparable to ours. Business activities in many of these emerging markets have historically been more susceptible to corruption. If our efforts to screen third-party agents and detect and prevent cases of potential misconduct fail, we could be held responsible for the non-compliance of these third parties under applicable laws and regulations, including the U.S. Foreign Corrupt Practices Act, which may have a material adverse effect on our reputation and our business, financial condition or results of operations.

Export destination countries may impose varying duties on our products. Any increase in such duties may adversely affect our business and results of operations.

A substantial portion of our products are exported and sold in various countries across the world. These destination countries may impose varying duties and other levies on our products, which may adversely affect our ability to compete with the local manufacturers and other competitors, whom due to more widespread operations, are able to coordinate delivery and supplies from strategically located production facilities in a more cost competitive manner. There can be no assurance that the duties or other levies imposed on our products by such destination countries will not change or increase, or that such change or increase will not adversely affect our business and results of operations.

If reimbursement for our current or future products is reduced or modified, our business could suffer.

Sales of some of our products depend, in part, on the extent to which the costs of our products, or of customers' products for which we supply APIs are paid by health maintenance, managed care, pharmacy benefit and similar healthcare management organizations, or are reimbursed by government health administration authorities, private health coverage insurers and other third-party payers, in particular in the United States and Europe. These healthcare management organizations and third-party payers are increasingly challenging the prices charged for medical products and services and putting limits on reimbursement or forcing the use of low cost alternatives. Additionally, the containment of healthcare costs has become a priority of many federal and state governments, and the prices of drugs and other healthcare products have been targeted in this effort. Accordingly, our current and potential products may not be considered cost effective, and reimbursement to the consumer may not be available or sufficient to allow us to sell our products on a competitive basis. Legislation and regulations affecting reimbursement for our products may change at any time and in ways that are difficult to predict, and these changes may have a material adverse effect on our business. Any reduction in third-party payer reimbursements could have a material adverse effect on our business, financial position and results of operations.

Any negative trends in the global macroeconomic environment may adversely affect our business, financial condition and results of operations.

Our business and performance are influenced by local and global economic conditions. The growth of the global pharmaceutical market is tied to global economic growth. A slowdown in global economic growth could exert downward pressure on the demand for our products and services, which could reduce the size and number of available markets for our finished products and in turn adversely impact our business, financial condition and results of operations. Furthermore, a prolonged weakness in the global financial and economic situation may provide more leverage to third parties with whom we do, or may do business, in negotiating pricing and other contractual terms that are favourable to them. For example, customers may insist on increased payment period terms which affects our available working capital or they may reduce or revise the quantity of the products that they purchase from us. Any of these factors could adversely affect our business, financial condition and results of operations.

If we are unable to gain market acceptance or develop appropriate launch opportunities for our products and services, our profitability could be negatively affected.

Even if we are able to demonstrate sufficiently high levels of safety, confidentiality and efficacy for our products and services and all regulatory approvals and patents have been obtained, our products and services may not gain market acceptance, which would adversely affect our revenues or profitability.

In particular, our APIs can only be commercialized as an ingredient in a customer's drug formulation. This requires us to identify a drug manufacturer that will want to utilize our APIs in its formulation, and enter into an arrangement referred to as a "tie-up" whereby the formulation and the APIs are submitted as part of a single regulatory approval process. We incur significant expenses in developing our APIs and preparing them for commercialization. If we are unable to enter into tie-up arrangements, our APIs will not be approved and we will lose the investments made in developing the APIs and will not be able to realize the benefit that we had anticipated. Similarly, in the solid dosage formulations

business in the United States, even if we are successful in developing the products and receiving the necessary regulatory approvals, we may not be able to successfully market our products through the distribution network or to the United States Federal Government. The degree of market acceptance of our products and services will depend on a number of factors, including:

- publicly establishing and demonstrating the efficacy, confidentiality and safety of our products and services, especially as compared to other similar products and services;
- the costs to potential customers of switching to our products;
- competitive performance against alternative products and services; and
- marketing and distribution support for our products and services.

Additionally, our ability to achieve continued growth and profitability through sales of generic pharmaceuticals is dependent on our success in developing products with increased complexity to provide launch opportunities with U.S. market exclusivity or limited competition. The failure to continue to develop such opportunities could adversely affect our sales and profitability.

Our ability to market our products successfully depends, in part, upon the acceptance of the products not only by customers, but also by independent third parties.

Our ability to market our products successfully depends, in part, on the acceptance of products by independent third parties, including wholesalers, distributors, physicians, hospitals, pharmacies, government representatives and other retailers, as well as patients. We rely to a significant extent on the strength of our brands and our reputation and acceptance by third-party agents and distributors. Unanticipated side effects or unfavourable publicity concerning any of our products or brands, or the brands of its in-licensed products, could have an adverse effect on our ability to achieve acceptance by prescribing physicians, managed care providers, pharmacies and other retailers, customers and patients.

If our products are approved by the regulatory authorities but do not achieve an adequate level of acceptance by independent third parties, we may be unable to generate any or sufficient revenue from these products to make them profitable. If our products fail to maintain significant market acceptance, it could have a material adverse effect on our projected business, financial condition and results of operations.

Our policies regarding returns, allowances and chargebacks in the United States, and marketing programs adopted by wholesalers, may reduce our revenues.

Consistent with industry practice in the United States, our U.S. subsidiary, Jubilant Cadista, like many other generic product manufacturers, has liberal return policies and has been willing to give customers post-sale inventory allowances in our generic and solid dosage formulations businesses. Under these arrangements, from time to time, Jubilant Cadista may give customers credits on generic products that customers hold in inventory after it has decreased the market prices of the same generic products. Therefore, if new competitors enter the marketplace and significantly lower the prices of any of their competing products, we may reduce the price of our product. As a result, Jubilant Cadista may be obligated to provide significant credits to customers who are then holding inventories of such products, which could reduce sales revenue and gross margin for the period the credit is provided. Like our competitors, Jubilant Cadista also gives credits for chargebacks to wholesale customers that have contracts with us for their sales to hospitals, group purchasing organizations, pharmacies or other retail customers. A chargeback represents an amount payable in the future to a wholesaler for the

difference between the invoice price paid to us by our wholesale customer for a particular product and the negotiated contract price that the wholesaler's customer pays for that product. Although we establish reserves based on our prior experience and our best estimates of the impact that these policies may have in subsequent periods, we cannot ensure that our reserves are adequate or that actual product returns, allowances and chargebacks will not exceed our estimates, which could have a material adverse effect on our results of operations, financial condition and cash flows.

We have incurred significant indebtedness, and we must service this debt and comply with our covenants to avoid refinancing risk.

We have incurred significant indebtedness in connection with our operations and have indebtedness that is substantial in relation to our shareholders' equity. As at March 31, 2014, 2015 and 2016 and as at June 30, 2016, our total outstanding indebtedness (comprising short-term borrowings and long-term borrowings) without netting of debt initiation costs was US$126.9 million, US$381.4 million, US$402.0 million and US$368.6 million, respectively, only a part of which is intended to be repaid using the proceeds of the Notes. Although we believe that our current levels of cash flows from operations and working capital borrowings are sufficient to service existing debt, we may not be able to generate sufficient cash flow from operations in the future and future working capital borrowings may not be available in an amount sufficient to enable us to do so.

If we are unable to comply with the restrictions and covenants in the Indenture or our current or future debt obligations and other agreements, there could be a default under the terms of these agreements. We believe that we have obtained all necessary consents, but we cannot assure you that the lending banks will have the same view. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to us, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. Furthermore, some of our debt agreements, including the Indenture, contain cross-acceleration or cross default provisions. As a result, our default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Notes, or result in a default under our other debt agreements, including the Indenture. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay in full all of our indebtedness, or that we would be able to find alternative financing. Even if we could obtain alternative financing, we cannot assure you that it would be on terms that are favourable or acceptable to us.

Our ability to make scheduled payments on, or to refinance our obligations with respect to, our indebtedness, will depend on our financial and operating performance, which in turn will be affected by general economic conditions and by financial, competitive, regulatory and other factors beyond our control. We may not generate sufficient cash flow from operations and future sources of capital may not be available to us in an amount sufficient to enable us to service our indebtedness, including the Notes, or to fund our other liquidity needs. If we are unable to generate sufficient cash flow and capital resources to satisfy our debt obligations or other liquidity needs, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations*". Any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could also harm our ability to incur additional indebtedness. In addition, any refinancing of our debt could be at higher interest rates and may require us to comply with more

onerous covenants, which could further restrict our business operations. There is no assurance that any refinancing would be possible, that any assets could be sold or, if sold, of the timing of the sales and the amount of proceeds that may be realized from those sales, or that additional financing could be obtained on acceptable terms, or at all.

In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. Other credit facilities and the Indenture that will govern the Notes restrict our ability to dispose of assets and use the proceeds from the disposition. We may not be able to consummate those dispositions or to obtain the proceeds which we could realize from them and these proceeds may not be adequate to meet any debt service obligations then due. Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms and in a timely manner, would materially and adversely affect our financial condition, results of operations and our ability to satisfy our obligations under the Notes. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness*" and "*Description of the Notes*."

We are subject to risks arising from interest rate fluctuations, which could adversely affect our business, results of operations and financial condition.

We borrow funds in the domestic and international markets from various banks and financial institutions to meet the long-term and short-term funding requirements for our operations and funding our growth initiatives. A majority of our borrowings are floating rate debt and, hence, are exposed to interest rate risk on such floating rate debt. Increases in interest rates may increase the cost of any floating rate debt that we incur. In addition, the interest rate that we will be able to secure in any future debt financing will depend on market conditions at the time, and may differ from the rates on our existing debt. If the interest rates are high when we need to access the markets for additional debt financing, our business, results of operations, planned capital expenditures and financial condition may be adversely affected.

Our inability to obtain adequate financing to meet our liquidity and capital resource requirements may have an adverse effect on our business, results of operations, cash flows and financial condition.

We expect to continue to have, substantial liquidity and capital resource requirements for meeting our working capital requirements as well as capital expenditures. In the past, we have financed these expenditures through a variety of means, primarily through internally generated cash flows, external borrowings and capital contributions. In the future, we may be required to supplement our cash flow from operations with external sources of financing to meet these requirements. There can be no assurance that financing from external sources will be available at the time or in the amounts necessary or at competitive rates to meet our requirements. Our inability to obtain such financing may impair our business, results of operations, financial condition or prospects. See *"—We have incurred significant indebtedness, and we must service this debt and comply with our covenants to avoid refinancing risk.*"

We are involved in legal proceedings from time to time that, if determined against us, could adversely impact our business and financial condition.

We are involved in legal proceedings from time to time and claims in certain of the countries where we conduct our business. See "*Business—Legal Proceedings*". These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Should any new developments

arise, such as changes in applicable law of the jurisdictions relevant to us, or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and our liabilities. Further, we cannot assure you that any legal proceedings will be decided in our favor and our financial liability may be enhanced in the event any court, tribunal or authority passes an adverse order against us. Any such adverse decision may have a significant adverse effect on our business, results of operations and financial condition.

If we experience labor union problems, our production capacity and overall profitability could be adversely affected.

As at June 30, 2016, approximately 12.7% of our employees belong to a number of different labor unions or undertake collective bargaining. Although we generally enjoy cordial relations with our employees, we experienced a 10 day strike in July 2016 over wages during the renewal of the Jubilant Draximage Union contract. This was however resolved amicably through a voluntary mediation process and, during the absence of our 48 employees there, management personnel maintained production. Jubilant Draximage has since signed a three year contract with the union and brought the matter to closure. There have been no other instances of major strikes, lockouts or other disruptive labor disputes but if any such negotiations in future regarding wages with our employees or any of the labor unions to which our employees belong are not concluded quickly, our relations with our employees could suffer, which could have a material adverse effect on our results of operations.

Sales of our products may be adversely affected by the continuing consolidation of our customer base.

A significant proportion of our generics sales are made to relatively few retail drug chains and pharmaceutical wholesalers in the U.S. and in other geographic markets. These customers are continuing to undergo significant consolidation (such as the partnership of Walgreens, Alliance Boots and Amerisource Bergen). Such consolidation has provided and may continue to provide them with additional purchasing leverage, and consequently may increase the pricing pressures that we face. Additionally, the emergence of large buying groups representing independent retail pharmacies, and the prevalence and influence of managed care organizations and similar institutions, enable those groups to extract price discounts on our products. We expect that consolidation of drug wholesalers and retailers will increase pricing and other competitive pressures on generic drug manufacturers, including those in the United States.

We are subject to fraud and abuse laws which may adversely affect our business.

We are subject to various federal, state and foreign laws pertaining to foreign corrupt practices and healthcare fraud and abuse, including anti-kickback, marketing and pricing laws. In the United States, most of our products sold by Cadista are reimbursed under federal and state health care programs such as Medicaid, Medicare, TriCare, and or state pharmaceutical assistance programs. Federal and state laws designed to prevent fraud and abuse under these programs prohibit pharmaceutical companies from offering valuable items or services to customers or potential customers to induce them to buy, prescribe, or recommend our products ("**anti-kickback laws**"). Exceptions are provided for discounts and certain other arrangements if specified requirements are met. Other federal and state laws, not only prohibit us from submitting any false information to government reimbursement programs but also prohibit us and our employees from doing anything to cause, assist, or encourage our customers to submit false claims for payment to these programs. Violations of the fraud and abuse laws may result in severe penalties against the responsible employees and the Company itself, including jail sentences, large fines, and the exclusion of our products from reimbursement under federal and state programs. We are committed to conducting the sales and marketing of our products in compliance with

applicable healthcare fraud and abuse laws, but certain applicable laws may impose liability even in the absence of specific intent to defraud. Furthermore, should there be ambiguity, a governmental authority may take a position contrary to a position we have taken, or should an employee violate these laws without our knowledge, a governmental authority may impose civil and/or criminal sanctions. The imposition of penalties or sanctions for failing to comply with the fraud and abuse laws, could adversely affect us and may have a material adverse effect on our business, results of operations and financial condition.

Certain facts and statistics contained in this Offering Memorandum have come from industry or other third party publications, the reliability of which cannot be assumed or assured.

Certain facts and statistics in this Offering Memorandum related to the industries in which we operate are derived directly or indirectly from third party sources generally believed to be reliable. While we have taken reasonable care to reproduce such information, we cannot guarantee the quality and reliability of such source material. These facts and statistics have not been independently verified by us, the Joint Lead Managers or any of our or their respective affiliates or advisors or any other parties involved in this offering of the Notes and, therefore, we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other industry information and may not be complete or up-to-date. Furthermore, market share data contained herein has been derived from the Company's internal estimates and calculations and may not accurately reflect actual market shares or may differ from market share data collected by independent third parties. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, the facts and statistics in this offering memorandum may be inaccurate and the statistics may not be comparable to statistics produced for other economies. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree or accuracy as may be the case elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on all such facts and statistics.

The amount of intangible assets and goodwill recorded on our balance sheet may lead to significant impairment charges in the future.

We regularly review our long-lived assets, including identifiable intangible assets and goodwill, for impairment. Goodwill, finite intangible assets and indefinite life intangible assets are subject to impairment review at least annually. Other long-lived assets are reviewed when there is an indication that an impairment may have occurred. For instance, we recorded a provision of US$0.6 million in the fiscal year ended March 31, 2014 for the provision of impairment of goodwill. The impairment of goodwill in the year ended March 31, 2014 related to the Group's clinical research business. The amount of goodwill and identifiable intangible assets on our consolidated balance may increase further following future acquisitions as a result of any changes in accounting rules and may lead to further impairment charges in the future. In addition, we may from time to time sell assets that we determine are not critical to our strategy or execution. Future events or decisions may lead to asset impairments and/or related charges. Certain non-cash impairments may result from a change in our strategic goals, business direction or other factors relating to the overall business environment. Any significant impairment charges could have a material adverse effect on our results of operations.

Certain of our Directors and all or a substantial portion of their assets are located in India. As a result, Investors may have difficulty enforcing judgments against our management.

Certain of our Directors and all or a substantial portion of their assets are located in India. As a result, it may not be possible, or it may be difficult, for Investors to effect service of process upon such Directors in jurisdictions outside India or to enforce judgments obtained against such Directors outside India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Indian Code of Civil Procedure, 1908, as amended ("**Indian Civil Code**"), provides that where a foreign judgment has been rendered by a superior court, within the meaning of that section, in any country or territory outside India which the Government of India has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, the United States has not been declared as a reciprocating territory and Section 44A of the Indian Civil Code is applicable only to monetary decrees which are not in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not apply to an arbitration award.

Further, it is unlikely that a court in India would award damages on the same basis as a foreign court would if an action were brought in India. Furthermore, a party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to such award and any such amount may be subject to income tax in India in accordance with applicable laws. Any judgment or award in a foreign currency would be converted into Indian Rupees on the date of such judgment or award and not on the date of payment. We cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

Political instability in India or a significant change in the Government's economic liberalization and deregulation policies could adversely affect general business and economic conditions in India and our business.

Two of our six manufacturing facilities are located in India. In fiscal year ended March 31, 2016, 3.5% of our sales were derived from the Indian market. Our business, and the market price and liquidity of the Notes may be affected by foreign exchange rates and controls, interest rates, changes in government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

Since 1991, successive Indian governments have pursued policies of economic liberalization and financial sector reforms. The Indian government has traditionally exercised and continues to exercise influence over many aspects of the economy. The current Indian Government came into power in May 2014 and has announced its general intention to continue India's current economic liberalization and deregulation policies. Nevertheless, the role of the Indian central and state governments in the Indian economy as producers, consumers and regulators has remained significant and we cannot assure you that such liberalization policies will continue. Additionally, corruption and protests against privatizations, which have occurred in the past, could slow down the pace of liberalization and deregulation in India. The rate of India's economic liberalization could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well. Any such significant change could disrupt business and economic conditions in India generally, and specifically ours, as some of our assets including two of our manufacturing facilities are located in India, which may adversely affect our financial condition and results of operations.

We have activities in certain countries which are subject to sanctions in the United States and elsewhere.

The U.S. Department of the Treasury's Office of Foreign Assets Control, or OFAC, administers certain laws and regulations that impose penalties upon U.S. persons and, in some instances, foreign entities, for conducting activities or transacting business with certain countries, governments, entities or

individuals subject to U.S. economic sanctions, or U.S. Economic Sanctions Laws. In addition, there may be other sanctions legislation administered and enforced by other regulatory bodies, including the United Nations Securities Council, Her Majesty's Treasury and the European Union, and we cannot predict their enforcement policies with regards to our business activities.

As an organization with global operations, we may from time to time conduct business, in accordance with applicable laws, with customers (either directly or indirectly through traders and agents) in various countries which are the subject of sanctions by the United States and other countries and international regulatory bodies. We are not aware whether any of our products, including certain active ingredients and APIs, have been used by unrelated third parties for purposes other than their intended use. In the last three fiscal years, sales to sanctioned countries with comprehensive programs and persons named as "specially designated nationals and blocked persons" on the most current list published by the OFAC at its official website have amounted to less than US$50,000, in accordance with applicable sanctions laws and regulations.

We seek to comply fully with international sanctions to the extent they are applicable to us. However, if we fail to comply with current or future applicable laws we could incur significant fines and other penalties and suffer negative publicity and reputational damage, which could have a material adverse effect on our financial condition, results of operations or prospects.

Risks Related to the Notes

The Company is a holding company. Holders of the Notes will be effectively subordinated to all our subsidiaries' indebtedness and obligations, and the Notes will be unsecured obligations.

The Company, Jubilant Pharma Limited, is a holding company with no business operations and its assets mainly comprise the equity interests it holds in its subsidiaries, which are located in multiple jurisdictions. We conduct all of our operations through our subsidiaries. Accordingly, our only source of cash to pay interest and principal on our outstanding indebtedness, including our obligations under the Notes, is distributions relating to our ownership interests in our subsidiaries from the net earnings and cash flow generated by such subsidiaries or from proceeds of debt or equity offerings. The amounts of dividends and distributions available to us will depend on the profitability and cash flows of our subsidiaries and the ability of our subsidiaries to make payments to us will depend upon their cash flows and earnings which, in turn, will be affected by all of the factors discussed in these "*Risk Factors*" and elsewhere in this Offering Memorandum. Earnings and cash flow generated by our subsidiaries are first applied by such subsidiaries in conducting their operations, including the service of their respective debt obligations, after which any excess cash flow generally may be paid to the Company. See "*Description of Other Material Indebtedness*" for details of our other material debt obligations. In addition, the ability of our subsidiaries to make payments to us will depend on the ability of our subsidiaries to issue dividends to the Company under applicable laws and regulations (including the rules and regulations of stock exchanges and other regulatory authorities governing our subsidiaries, where applicable), or restrictions in their constitutive documents, shareholders' agreements and other legal and financial agreements to which they are party. The laws, regulations and contractual restrictions to which our subsidiaries are subject may prohibit them from making distributions or repaying or advancing intercompany loans to the Company. Subsidiaries that we do not wholly own or over whose boards we do not exercise control may furthermore fail to obtain the requisite shareholders' and board consents for any such distributions, repayments or advances, or be required to distribute dividends ratably to their shareholders in accordance with their shareholding proportion. We may not be able to service our payment obligations in respect of our indebtedness,

including the Notes, if our subsidiaries have limited or no means of transferring cash upstream from their operations to the Company. Our subsidiaries are legally distinct from us and, unless they guarantee the Company's debt, have no obligation to pay amounts due on the Company's debt or to make funds available to us for such payment.

Our obligations under the Notes will be effectively subordinated to (i) all existing and future obligations of our subsidiaries, and (ii) all claims of our subsidiaries' creditors, such as trade creditors and lenders, and rights of holders of preferred shares of our subsidiaries (if any) will have priority as to the assets of such entities over our claims and those of our creditors, including the holders of the Notes. The Company and our subsidiaries may incur significant additional secured or unsecured indebtedness in the future subject to the terms of the Notes. Our secured creditors would have priority as to our assets securing the related obligations over claims of the holders of the Notes in relation to the Notes. Additionally, if we incur future liabilities (including additional secured and unsecured indebtedness) that are structurally senior to the Notes, S&P and Fitch may review the ratings they have assigned to the Notes, and it is possible that they may downgrade the ratings of the Notes to account for our increased credit risk. Any downgrade of the ratings of the Notes could in turn materially and adversely affect the liquidity or market price of the Notes. Also see "*—The ratings assigned to the Notes and our corporate ratings may be lowered or withdrawn in the future*".

We may not be able to generate sufficient cash to service all of our indebtedness, including the Notes, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or refinance our debt obligations, including the Notes, depends on our consolidated financial condition and operating performance, specifically that of our material subsidiaries, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors existing in jurisdictions where we or our subsidiaries operate which may be beyond our control. We may be unable to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness, including the Notes.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance our indebtedness, including the Notes. We may not be able to effect any such alternative measures, if necessary, on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations. The credit agreements governing our other credit instruments and the Indenture will restrict our ability to dispose of assets and use the proceeds from those dispositions and may also restrict our ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due.

Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, would materially and adversely affect our financial position and results of operations and our ability to satisfy our obligations under the Notes. If we cannot make scheduled payments on our debt, we will be in default and holders of the Notes could declare all outstanding principal and interest to be due and payable, the lenders under the other debt instruments could terminate their commitments to loan money, the lenders could foreclose against the assets securing their borrowings and we could be forced into bankruptcy or liquidation. All of these events could result in your losing your investment in the Notes.

Enforcing your rights under the Notes across multiple jurisdictions may prove difficult.

The Company is incorporated under the laws of Singapore. The Notes and the Indenture will be governed by the laws of the State of New York. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in Singapore and the United States. Such multi-jurisdictional proceedings are complex, may be costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. Your rights under the Notes will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that you will be able to effectively enforce your rights in such complex multiple bankruptcy, insolvency or similar proceedings. In addition, the bankruptcy, insolvency, administrative and other laws of Singapore and the United States may be materially different from, or be in conflict with, each other and those with which you may be familiar, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply and could adversely affect your ability to enforce your rights under the Notes in the relevant jurisdictions or limit any amounts that you may receive.

Claims of our secured creditors will have priority with respect to their security over the claims of the holders of the Notes to the extent of the value of the assets securing such indebtedness.

Claims of our secured creditors will have priority with respect to the assets securing their indebtedness over the claims of holders of the Notes. As such, the claims of the holders of the Notes will be effectively subordinated to any secured indebtedness and our other secured obligations to the extent of the value of the assets securing such indebtedness or other obligations. As at June 30, 2016, we had an aggregate principal amount (without netting of debt initiation costs) of US$293.8 million of secured debt outstanding, of which US$87.5 million was owed by the Company. The Indenture will allow us to incur additional secured indebtedness which will be effectively senior to the Notes. In the event that any of our secured indebtedness becomes due or the creditors thereunder proceed against the assets securing such indebtedness, the assets remaining after repayment of such secured indebtedness may not be sufficient to repay all amounts owing in respect of the Notes. As a result, holders of the Notes may receive less, ratably, than holders of secured indebtedness of the Company.

The interest of our controlling shareholders may conflict with the interest of Noteholders, and they may take actions that are not in, or may conflict with, the interest of the Noteholders.

As at June 30, 2016, the Promoter Group, indirectly through the Parent, beneficially owned 54.0% of the Company's outstanding ordinary shares. For information relating to the beneficial ownership of our shares, see "*Principal Shareholders*". These shareholders can control matters requiring approval by our shareholders, including electing directors and approving mergers or other business combination transactions.

From time to time, we enter into, and we expect to continue to enter into, transactions with entities controlled by our controlling shareholders and other related parties. See "*Related Party Transactions*" for a summary of our transactions with related parties. Although it is our policy to conduct these transactions on normal commercial terms and on an arm's-length basis and we believe that each of our transactions have been entered into on normal commercial terms and on an arm's-length basis, we cannot assure you that any amounts we may pay in these transactions would necessarily reflect the prices that would be paid by an independent third party.

If we are unable to comply with the restrictions and covenants in our debt agreements or the Indenture, there could be a default under the terms of these agreements or the Indenture, which could cause repayment of our debt to be accelerated.

If we are unable to comply with the restrictions and covenants in the Indenture or our current or future debt obligations and other agreements, there could be a default under the terms of these agreements. We believe that we have obtained all necessary consents from our current lenders, but we cannot assure you that the lending banks will have the same view. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to us, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. Moreover, our trade facilities are uncommitted and the lenders have the discretion to cancel or suspend, determine whether or not to permit drawings, and demand repayment at any time and for any reason in relation to these facilities. See "*Description of Other Material Indebtedness*."

Furthermore, some of our debt agreements, including the Indenture, contain cross-acceleration or cross default provisions. As a result, our default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Notes, or result in a default under our other debt agreements, including the Indenture. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay in full all of our indebtedness, or that we would be able to find alternative financing. Even if we could obtain alternative financing, we cannot assure you that it would be on terms that are favorable or acceptable to us.

Our operations are restricted by the terms of the Notes, which could limit our ability to plan for or to react to market conditions or meet our capital needs, which could increase your credit risk.

The Indenture governing the Notes includes a number of significant restrictive covenants. These covenants restrict, among other things, our ability, and the ability of our Restricted Subsidiaries, to:

- incur additional indebtedness and issue preferred stock;
- make investments or other specified restricted payments;
- enter into agreements that restrict its and its Restricted Subsidiaries' ability to pay dividends and transfer assets or make inter-company loans;
- issue or sell capital stock of Restricted Subsidiaries;
- enter into transactions with shareholders or affiliates;
- create liens;
- enter into sale and leaseback transactions;
- sell assets;
- engage in different business activities; or
- effect a consolidation or merger.

These covenants could limit our ability to plan for or react to market conditions or to meet our capital needs. Our ability to comply with these covenants may be affected by events beyond our control, and we may have to curtail some of our operations and growth plans to maintain compliance.

A trading market for the Notes may not develop and there are restrictions on resale of the Notes.

The Notes are a new issue of securities for which there is currently no trading market. Although approval in-principle has been received for the listing and quotation of the Notes on the Official List of the SGX-ST, we cannot assure you that we will obtain or be able to maintain a listing on the SGX-ST, or that, if listed, an active trading market for the Notes will develop. In addition, the Notes are being offered pursuant to exemptions from registration under the Securities Act and, as a result, you will only be able to resell your Notes in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. See "*—The Notes are subject to restrictions on resales and transfers*".

We cannot predict whether an active trading market for the Notes will develop or be sustained. We also cannot assure you that you will be able to sell your Notes at a particular time or at all, or that you will receive favorable prices for them. If no active trading market develops, you may not be able to resell your Notes at their fair market value, or at all. If the Notes are traded after their initial issuance, they may trade at a discount from their initial offering price. The liquidity of, and trading market for the Notes, may also be adversely affected by, among other things:

- prevailing interest rates;
- our operating performance and financial condition;
- the interest of securities dealers in making a market; and
- the market for similar securities.

Historically, the market for non-investment grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the Notes. It is possible that the market for the Notes will be subject to disruptions. Any disruptions may have a negative effect on holders of the Notes, regardless of our prospects and financial performance.

The Notes will initially be held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will initially only be issued in global certificated form and held through Euroclear and Clearstream. Interests in the global note certificate representing the Notes (the "**Global Certificate**") will trade in book-entry form only, and notes in definitive registered form will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners or holders of the Notes for purposes of the Indenture. The common depository for Euroclear and/or Clearstream will be the sole registered holder of the Global Certificate. Accordingly, you must rely on the procedures of Euroclear or Clearstream, and if you are not a participant in Euroclear or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the Notes under the Indenture. Upon the occurrence of an Event of Default under the Indenture, unless and until definitive registered notes are issued with respect to all book- entry interests, if you own a book-entry interest, you will be restricted to acting through the relevant clearing system. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes. See *"Description of the Notes—Book-Entry; Delivery and Form"*.

The ratings assigned to the Notes and our corporate ratings may be lowered or withdrawn in the future.

The Notes are assigned a rating of BB- and BB by S&P and Fitch, respectively. The ratings address our ability to perform our obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. We cannot assure you that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. We have no obligation to inform holders of the Notes of any such revision, downgrade or withdrawal. A suspension, reduction or withdrawal at any time of the rating assigned to us or the Notes may adversely affect the liquidity or market price of the Notes. One or more of the ratings agencies have taken into account the creditworthiness of our Parent when assessing our creditworthiness and any deterioration of our Parent's creditworthiness may negatively affect the ratings assigned to the Notes.

Many of the covenants in the Indenture will be suspended if the Notes are rated investment grade by two of Standard & Poor's Rating Services, Moody's Investor Service, Inc. and Fitch, Inc.

Many of the covenants in the Indenture will be suspended if the Notes are rated investment grade with a stable outlook by two of S&P, Moody's and Fitch provided at such time no Default under the Indenture has occurred and is continuing. There can be no assurance that the Notes will ever be rated investment grade, or if they are rated investment grade, that the Notes will maintain such ratings. If on any date following the Issue Date the Notes are assigned an investment grade rating from two of S&P, Moody's Investor Service, Inc. and Fitch and no Default shall have occurred and be continuing, then the following provisions of the Indenture will not apply to the Notes: "*Description of Notes—Certain Covenants—Limitation on Indebtedness*"; "*—Limitation on Restricted Payments*"; "*—Limitation on Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries*"; "*—Limitation on Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries*"; "*—Limitation on Sale and Leaseback Transactions*"; "*—Limitation on Asset Sales*"; and clause (4) summarized under "*—Consolidation, Merger or Sale of Assets*.".

If and while the Company and the Restricted Subsidiaries are not subject to these suspended covenants, the Notes will be entitled to substantially less covenant protection. In the event that the Company and the Restricted Subsidiaries are not subject to these suspended covenants under the Indenture for any period of time as a result of the foregoing, and on any subsequent date one or both of the rating agencies withdraw their investment grade rating or downgrade the rating assigned to the Notes below an investment grade rating, then the Company and the Restricted Subsidiaries will thereafter again be subject to these suspended covenants under the Indenture with respect to future events.

Notwithstanding the foregoing, in the event of any such reinstatement, reinstated covenants will not, be of any effect with regard to actions of the Company or any Restricted Subsidiary properly taken in compliance with the provisions of the Indenture during the continuance of the Suspension Period, and following reinstatement (1) the calculations under the covenant summarized under "*—Certain Covenants—Limitation on Restricted Payments*" will be made as if such covenant had been in effect since the date of the Indenture except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended and (2) all Indebtedness incurred, or Disqualified Stock or preferred stock issued, during the Suspension Period will be classified to have been incurred or issued pursuant to clause (2)(b) of the covenant summarized under "*Description of the Notes—Certain Covenants—Limitation on Indebtedness*" Upon the occurrence of a Suspension

Period, the amount of Excess Proceeds shall be reset at to the amount in effect at the beginning of the Suspension Period. Capitalized terms used in this paragraph have the meanings given to them under "*Description of Notes*". See "*Description of Notes—Certain Covenants— Suspension of Certain Covenants*".

The liquidity and price of the Notes following the offering may be volatile.

The price and trading volume of the Notes may be highly volatile. Factors such as variations in our revenues, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies, government regulations and changes thereof applicable to our industry and general economic conditions nationally or internationally could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the trading volume and price of the Notes. We cannot assure you that these developments will not occur in the future.

We may not be able, or may not be required, to repurchase the Notes upon a change of control.

Upon the occurrence of a change of control, we will be required to offer to repurchase all of the Notes in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase. We may not have sufficient funds at the time of any such event to make the required repurchases. Additionally, a change of control could constitute a prepayment event under our other debt facilities. In the event this results in an event of default thereunder, the lenders may accelerate the relevant debt, which could also cause an Event of Default under the Indenture. In the event of any such acceleration, there can be no assurance that we will have (or have accessed) sufficient cash resources to repay our outstanding indebtedness, including the Notes.

One of the circumstances under which a change of control may occur is upon the sale or disposition of all or substantially all of our assets. However, the phrase "all or substantially all" will likely be interpreted under applicable state law and will be dependent upon particular facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or disposition of "all or substantially all" of our assets has occurred, in which case the ability of a holder of the Notes to obtain the benefit of an offer to repurchase all or a portion of the Notes held by such holder may be impaired.

Courts interpreting change of control provisions under New York law (which is the governing law of the Indenture) have not provided clear and consistent meanings of such change of control provisions, which has led to subjective judicial interpretation.

The Notes are subject to restrictions on resales and transfers.

The Notes have not been registered under the Securities Act or any U.S. state securities laws or under the securities laws of any other jurisdiction and are being issued and sold in reliance upon exemptions from registration provided by such laws. No Notes may be sold or transferred unless such sale or transfer is exempt from the registration requirements of the Securities Act (for example, in reliance on the safe harbor provided by Regulation S under the Securities Act) and applicable state securities laws. For certain restrictions on resales and transfers, see "*Plan of Distribution—Selling Restrictions*" and "*Transfer Restrictions*". We cannot assure that any further offers and sales of the Notes within the United States and other countries comply with all applicable securities laws.

Investment in the Notes may subject investors to foreign exchange risks.

The Notes are denominated and payable in U.S. dollars. If an investor measures its investment returns by reference to a currency other than U.S. dollars, an investment in the Notes entails foreign exchange related risks, including possible significant changes in the value of the U.S. dollars relative to the currency by reference to which an investor measures its investment returns, due to, among other things, economic, political and other factors over which we have no control. Depreciation of the U.S. dollars against such currency could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss when the return on the Notes is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign exchange gains resulting from any investment in the Notes.

Singapore taxation risk.

The Notes to be issued are intended to be "qualifying debt securities" for the purposes of the Income Tax Act (Chapter 134 of Singapore), subject to the fulfilment of certain conditions more particularly described in the section "*Taxation—Singapore Taxation*". However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws or MAS circulars be amended or revoked at any time.

We will follow the applicable corporate disclosure standards for debt securities listed on the SGX-ST, and such standards may be different from those applicable to debt securities listed in certain other countries.

We will be subject to reporting obligations in respect of the Notes to be listed on the SGX-ST. The disclosure standards imposed by the SGX-ST may be different than those imposed by securities exchanges in other countries or regions. As a result, the level of information that is available in these countries may not correspond to what investors in the Notes are accustomed to.

USE OF PROCEEDS

We estimate that the net proceeds to the Company from the sale of the Notes pursuant to the Offering will be approximately US$295.3 million after deducting the underwriters' commissions and estimated offering expenses in connection with the issue of the Notes.

We intend to use the net proceeds:

(i) primarily, to refinance at least US$225.0 million in aggregate principal amount of existing indebtedness of the Company and its subsidiaries;

(ii) to contribute up to US$50.0 million to our Parent, Jubilant Life Sciences Limited, in order to prepay certain of our Parent's indebtedness (subject to obtaining necessary consents from existing lenders); and

(iii) in respect of any surplus proceeds, to refinance existing indebtedness or for the general corporate purposes of the Company and its subsidiaries.

Further, pending the above utilizations of the net proceeds of the Offering, we intend to invest the net proceeds of the Offering in liquid assets, subject to applicable laws.

CAPITALIZATION AND INDEBTEDNESS

The following table shows, as at June 30, 2016:

- our Group's actual capitalization and indebtedness; and
- our Group's capitalization as adjusted to give effect to the issuance of the Notes.

The following table has been adjusted to reflect the repayment of existing indebtedness described under "*Use of Proceeds*", assuming that US$225.0 million in aggregate principal amount of existing indebtedness of the Company and its subsidiaries will be prepaid on the Issue Date. You should read the following table together with "*Use of Proceeds*", "*Selected Consolidated Financial and Other Information*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and our audited consolidated financial statements prepared under U.S. GAAP included herein.

	As at June 30, 2016	
	Actual	As Adjusted
	(US$ thousands)	
Cash[1]	21,402	96,402
Short-term borrowings[2]	65,489	30,489
Non-current borrowings[3]:		
Long-term borrowings[4]	299,706	109,706
Notes to be issued[5]	—	300,000
Total indebtedness	**365,195**	**440,195**
Equity[6]:		
Share capital	258,808	258,808
Reserves and surplus	(40,319)	(40,319)
Total equity	**218,489**	**218,489**
Total capitalization[7]	**583,684**	**658,684**

(1) Assuming in the "As Adjusted" column that US$225.0 million in aggregate principal amount of existing indebtedness of the Company and its subsidiaries is prepaid on the Issue Date with the net proceeds.

(2) Short-term borrowings include US$37.2 million of current portion of long-term borrowings. The "As Adjusted" column assumes that US$35.0 million in aggregate principal amount of existing short-term borrowings of the Company and its subsidiaries is prepaid on the Issue Date with the net proceeds.

(3) Non-current borrowings exclude the current portion of long-term borrowings.

(4) Assuming in the "As Adjusted" column that US$190.0 million in aggregate principal amount of existing long-term borrowings of the Company and its subsidiaries is prepaid on the Issue Date with the net proceeds.

(5) The aggregate principal amount of the Notes to be issued has not taken into account the effect of transaction costs and expenses.

(6) Including additional paid in capital.

(7) Total capitalization represents borrowings plus total equity.

Except as otherwise disclosed in this Offering Memorandum and the prepayment of approximately US$20 million of indebtedness since June 30, 2016, there has been no material change in our capitalization or indebtedness since June 30, 2016.

SELECTED CONSOLIDATED FINANCIAL AND OTHER INFORMATION

You should read the selected consolidated financial information presented below in conjunction with our consolidated financial statements and the notes thereto included elsewhere in this Offering Memorandum. You should also read the sections in this Offering Memorandum entitled "Capitalization and Indebtedness" and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

We have derived our selected consolidated financial information presented in the tables below from our audited consolidated financial statements for the fiscal years ended March 31, 2014, 2015 and 2016 and our unaudited interim condensed consolidated financial statements for the three months ended June 30, 2015 and 2016, which are included elsewhere in this Offering Memorandum.

Our consolidated financial statements as at and for the fiscal years ended March 31, 2014, 2015 and 2016 included elsewhere in this Offering Memorandum have been audited by KPMG, in accordance with auditing standards generally accepted in the United States of America, as stated in their audit report appearing elsewhere in this Offering Memorandum. Our unaudited interim condensed consolidated financial statements as at June 30, 2016 and for the three months ended June 30, 2015 and 2016 have been reviewed by KPMG, as stated in their review report appearing elsewhere in this Offering Memorandum.

Our consolidated financial statements are reported in U.S. dollars and prepared in accordance with U.S. GAAP.

Consolidated Statement of Income

	Year Ended March 31			Three Months Ended 30 June	
	2014	2015	2016	2015	2016
	(US$ thousands)				
Revenues (net)	525,218	462,427	454,681	117,332	115,523
Cost of goods sold	358,232	306,658	254,259	66,269	61,999
Selling, general and administrative expenses	66,556	76,114	65,142	15,946	16,046
Research and development expenses	26,765	24,820	25,621	6,133	6,285
Other operating income, net	1,503	4,782	8,674	1,747	1,399
Depreciation and amortization	25,558	26,067	24,134	6,227	5,910
Impairment of goodwill	618	—	—	—	—
Income from operations	**48,991**	**33,549**	**94,199**	**24,505**	**26,682**
Other (income)/expenses, net	16,877	30,133	27,952	6,883	6,770
Income before income taxes	**32,114**	**3,417**	**66,246**	**17,622**	**19,913**
Income tax expense/(credit)	7,833	(5,602)	17,534	2,433	3,831
Net Income	**24,281**	**9,018**	**48,712**	**15,189**	**16,082**
Less: Net income attributable to non-controlling interest	5,273	2,991	—	—	—
Net Income/(loss) attributable to Jubilant Pharma Limited	**19,009**	**6,027**	**48,712**	**15,189**	**16,082**

Consolidated Balance Sheet

	Year Ended March 31			Three Months Ended 30 June
	2014	2015	2016	2016
	(US$ thousands)			
Current Assets				
Cash and cash equivalents	30,264	28,335	29,363	21,402
Trade accounts receivable, net	84,409	84,969	96,354	90,229
Inventories	115,811	106,429	103,956	105,754
Restricted Cash	36	300	70	55
Due from related parties	2,807	271	594	539
Prepaid expenses and other current assets	23,438	18,594	38,621	17,652
Total Current Assets	**256,765**	**238,899**	**268,958**	**235,631**
Property, plant and equipment, net	269,377	266,256	260,726	256,855
Goodwill	170,924	156,450	155,980	155,818
Intangible assets, net	10,994	6,624	4,109	3,819
Investment securities	2,872	2,872	2,174	2,174
Restricted cash	300	19	2	2
Deferred income taxes	8,851	33,649	28,597	28,765
Other assets	691	3,474	1,364	2,608
Total Assets	**720,772**	**708,242**	**721,909**	**685,673**
Liabilities and stockholders' equity				
Current liabilities				
Short-term borrowings	16,308	29,518	45,702	28,282
Current portion of long-term debt	33,268	23,127	24,815	37,208
Trade accounts payable	27,088	29,475	31,420	27,775
Due to related parties	51,104	104,273	20,125	20,156
Deferred revenue	9,702	3,878	2,700	2,436
Accrued expenses and other current liabilities	23,963	26,275	45,798	28,400
Total current liabilities	**161,433**	**216,546**	**170,560**	**144,256**
Long-term debt, excluding current portion	76,893	324,714	326,685	299,706
Deferred income taxes	2,666	708	6,321	6,621
Other liabilities	8,320	9,686	14,956	16,600
Total liabilities	**249,310**	**551,655**	**518,521**	**467,183**
Stockholders' equity				
Equity share capital				
Jubilant Pharma Limited stockholders' equity	**448,245**	**156,587**	**203,388**	**218,489**
Non-controlling interest	23,216	—	—	—
Total stockholders' equity	**471,461**	**156,587**	**203,388**	**218,489**
Commitments and contingencies	—	—	—	—
Total liabilities and stockholders' equity	**720,772**	**708,242**	**721,909**	**685,673**

Consolidated Statement of Cash Flows

	Year Ended March 31			Three Months Ended June 30	
	2014	2015	2016	2015	2016
	(US$ thousands)				
Net cash provided by operating activities	24,610	54,078	75,052	18,310	20,629
Net cash used in investing activities	(36,742)	(269,783)	(86,405)	(6,522)	(900)
Net cash provided by/(used in) financing activities	29,310	216,040	12,458	(6,580)	(27,624)
Cash and cash equivalents at the close of the period	30,264	28,335	29,363	33,942	21,402

Non-GAAP Financial Measures

The below table sets out certain non-U.S. GAAP financial measures relating to our pharmaceuticals business segment (excluding the life sciences business operations in China and Belgium and investments in Safe Foods Corporation).

	Year Ended March 31			Three Months Ended June 30	
	2014	2015	2016	2015	2016
	(US$ thousands)				
Total revenue from Operation (net)	416,646	415,164	434,426	109,592	111,332
EBITDA[(1)]	68,478	62,747	117,782	29,116	32,252
Total expenditure[(3)]	348,168	352,417	316,644	80,476	79,080
EBITDA Margin[(2)]	16.4%	15.1%	27.1%	26.6%	29.0%

(1) For the fiscal years ended March 31, 2014, 2015 and 2016 and the three months ended June 30, 2015 and 2016, EBITDA is defined as profit before minority interest, tax expense, finance cost (net) (including expense on stock settled debt instrument) and depreciation and amortization.

(2) EBITDA Margin is defined as EBITDA for the period divided by total revenues from operation (net) for that period.

(3) Total expenditure excludes finance cost (net) (including expense on stock settled debt instrument), depreciation and amortization.

EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) presented in this Offering Memorandum is a supplemental measure of our performance that is not required by, or presented in accordance with U.S. GAAP. EBITDA is not a measurement of financial performance or liquidity under U.S. GAAP and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with U.S. GAAP or as an alternative to cash flow from operating activities as a measure of liquidity. In addition, EBITDA is not standardized term; hence a direct comparison between companies may not be possible.

We believe that EBITDA facilitates comparisons of operating performance from period to period by eliminating potential differences caused by variations in capital structures (affecting interest and finance charges), tax positions (such as impact on periods or companies of changes in effective tax

rates or net operating losses), and the age and booked depreciation and amortization of assets (affecting relative depreciation and amortization of expense) and exceptional items of income or expenses not affecting normal operations. We have included EBITDA because we believe it is an indicative measure of our operating performance and is used by investors and analysts to evaluate companies in our industry.

See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures*" for a reconciliation of profit/(loss) before income tax under U.S. GAAP to our definition of EBITDA.

The definition of EBITDA as used and presented in "*Description of the Notes*" is different from the definition of EBITDA used elsewhere in this Offering Memorandum.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our consolidated financial statements and financial information and operating data included elsewhere in this Offering Memorandum. This discussion contains forward-looking statements that reflect our current views with respect to future events and financial performance. See "Forward-Looking Statements" for a discussion of the risks relating to such forward-looking statements. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of factors such as those set forth under "Risk Factors" and elsewhere in this Offering Memorandum. Our consolidated financial statements included elsewhere in this Offering Memorandum have been prepared in accordance with U.S. GAAP.

Overview

We are a global integrated pharmaceuticals group offering a wide range of products and services to global pharmaceutical customers. We are a wholly-owned subsidiary of Jubilant Life Science Limited (the "**Parent**"). We are engaged in the development, manufacture and supply of APIs, solid dosage formulations, radiopharmaceuticals, and allergy therapy products. Our services comprise contract manufacturing of sterile injectables, ointments, creams and liquids. We serve our customers globally through our presence in North America, India, Europe and Japan and other emerging markets.

We organize our business as follows, which is reviewed by the Group's management on a consolidated basis as a pharmaceuticals business:

- *Generics*

    - *APIs* — We develop and produce APIs in the therapeutic areas of the Cardiovascular System ("**CVS**"), Central Nervous System ("**CNS**"), Gastro-Intestinal ("**GI**"), anti-infectives and anti-depressants. We are primarily focused on lifestyle driven therapeutic areas including CVS and CNS with a strategy of large capacity production and dedicated lines for high volume molecules. As at June 30, 2016, we had 38 commercialized APIs available and had filed 81 DMFs in the United States. Our APIs business generated revenues of US$87.3 million and US$21.3 million for the fiscal year ended March 31, 2016 and the three months ended June 30, 2016, respectively, which comprised 20.1% and 19.2%, respectively, of our total pharmaceutical revenues, net for those periods.

    - *Solid Dosage Formulations* — We are engaged in the development, manufacture, sale and distribution of prescription generic pharmaceutical products in the United States, Europe, Japan and the rest of the world. As at June 30, 2016, we had 51 commercialized generics products across the United States, Europe, Canada, Japan and elsewhere. Our solid dosage formulations business generated revenues of US$121.1 million and US$28.8 million for the fiscal year ended March 31, 2016 and the three months ended June 30, 2016, respectively, which comprised 27.9% and 25.9%, respectively, of our total pharmaceutical revenues, net for those periods.

- *Specialty Pharmaceuticals (Sterile Products)*

    - *Radiopharmaceuticals* — We develop, manufacture and market diagnostic imaging and therapeutic radiopharmaceutical products. Applications for our products include cardiology, oncology, thyroid uptake and scans, lung scans, kidney and brain imaging and

bone scans. Our radiopharmaceuticals business generated revenues of US$110.6 million and US$29.2 million for the fiscal year ended March 31, 2016 and the three months ended June 30, 2016, respectively, which comprised 25.4% and 26.2%, respectively, of our total pharmaceutical revenues, net for those periods.

- *Allergy Therapy Products* — We provide products to the allergy specialty industry offering a range of over 200 different allergens and standard allergy vaccine mixtures. Our allergy therapy products business generated revenues of US$32.5 million and US$8.7 million for the fiscal year ended March 31, 2016 and the three months ended June 30, 2016, respectively, which comprised 7.5% and 7.8%, respectively, of our total pharmaceutical revenues, net for those periods.

- *Contract Manufacturing of Sterile Injectables* — We develop and produce sterile injectables and non-sterile products focusing on the delivery of clinical and commercial fill and finish services for sterile parenteral pharmaceuticals, utilizing both liquid and lyophilization capabilities. Our CMO business generated revenues of US$82.7 million and US$23.2 million for the fiscal year ended March 31, 2016 and the three months ended June 30, 2016, respectively, which comprised 19.0% and 20.9%, respectively, of our total pharmaceutical revenues, net for those periods.

We have two manufacturing facilities in India and four in North America. Our APIs manufacturing facility at Nanjangud, India, the solid dosage formulations facilities at Salisbury, Maryland, United States and at Roorkee, India, the sterile injectables manufacturing facility in Spokane, Washington, United States, the manufacturing facility for radiopharmaceuticals and the sterile and non-sterile manufacturing facility, both located in Kirkland, Montreal, Canada all have USFDA approval. Our solid dosage formulations plant in Roorkee, India has been granted the cGMP certificate by the Drug Controller General of India, Uttarakhand and has also obtained certifications by the USFDA, the UKMHRA, ANVISA and PMDA. Our corporate headquarters and central R&D center are located at Noida, India.

As at March 31, 2016, our products and services reached customers in 87 countries. We have subsidiaries in the United States to effectively penetrate this market.

Consolidation of our Financial Statements

The Company's consolidated financial statements are consolidated and prepared in accordance with U.S. generally accepted accounting principles ("**U.S. GAAP**").

Under the process of consolidation the standalone books of accounts of the Company and its subsidiaries are maintained under their respective local GAAP, the local GAAP trial balances are converted by our team of accounting professionals into U.S. GAAP and our financial statements are compiled in accordance with U.S. GAAP.

KPMG, our auditors, audit the Company's U.S. GAAP consolidated financial statements prepared by us. KPMG has audited the accounts of the Company and its subsidiaries and partnerships for consolidation purposes. The financial statements of the Company and its subsidiaries have been consolidated by adding together the book values of assets, liabilities, revenues and expenses of our subsidiaries with those of the Company on a line-by-line basis after elimination of intra-group transactions and unrealized profits.

Factors Affecting our Results of Operations

Products and Services Offered and Geographic Mix

The mix of product categories, distribution channels and countries in which our products are sold has changed and, we expect, will continue to change over time and, depending on the magnitude of such changes, can impact our profitability. As at March 31, 2016, our products are sold in over 87 countries either through a dedicated sales and marketing team or, in countries where we are less established, through third-party distributors.

We rely on our principal products to generate a significant portion of our revenue from operations (net). For example, in the fiscal year ended March 31, 2016, and the three months ended June 30, 2016, our top 10 products by revenue contributed 46.2% and 44.9%, respectively, of our total pharmaceutical revenues. The following table shows a breakdown of consolidated revenue from operations (net) by our business lines for the periods presented on a consolidated basis.

	Fiscal Year Ended March 31						Three Months Ended June 30			
	2014		2015		2016		2015		2016	
	(US$ thousands)	(%)	(US$ thousands)	(%)	(US$ thousands)	(%)	(US$ thousands)	(%)	(US$ thousands)	(%)
Generics										
Active Pharmaceutical Ingredients (API)	77,967	14.8	83,313	18.0	87,348	19.2	23,267	19.8	21,342	18.5
Solid Dosage Formulations	149,500	28.5	136,600	29.6	121,055	26.6	29,264	24.9	28,836	25.0
Specialty Pharmaceuticals (Sterile Products)										
Radiopharmaceuticals	41,250	7.9	86,967	18.8	110,553	24.3	28,548	24.3	29,215	25.3
Allergy Therapy Products	32,700	6.2	30,651	6.6	32,469	7.1	7,317	6.2	8,653	7.5
Contract Manufacturing (CMO)	109,096	20.8	75,829	16.4	82,735	18.2	21,149	18.0	23,238	20.1
Clinical Research	6,133	1.2	1,804	0.4	267	0.1	47	0.0	47	0.0
Other										
Life Science Chemicals — Shanghai	74,241	14.1	47,263	10.2	20,253	4.5	7,740	6.6	4,192	3.6
Life Science Chemicals — Belgium	34,332	6.5	—	—	—	—	—	—	—	—
Revenue from operations (net)	**525,218**	**100.0**	**462,427**	**100.0**	**454,681**	**100.0**	**117,332**	**100.0**	**115,523**	**100.0**

Note: The life sciences business operations in China and Belgium and the investments in Safe Foods Corporation are included in the consolidated U.S. GAAP financial statements of the Company but do not form part of the pharmaceuticals business that is the focus of the Group and of this Offering Memorandum. Since under the Company's legal structure, Jubilant Life Sciences (Shanghai) Limited is a wholly-owned subsidiary of the Company and so, as per U.S. GAAP, the Company's consolidated financial statements are compiled by consolidating the Company and all its subsidiary companies, the China operations are included in the consolidated financial statements of the Company despite the fact that this subsidiary operates in the life sciences business of the Parent. During the fiscal year ended March 31, 2014, the life sciences business of the Parent was operated in Europe through Jubilant Pharmaceuticals NV. A new company was incorporated in Belgium namely Jubilant Life Sciences NV and the Life Science Ingredient business was transferred from Jubilant Pharmaceuticals NV to the new Company during September 2013. Since during the first six months of the fiscal year ended March 31, 2014, the life sciences business was operated through Jubilant Pharmaceuticals NV, sales and related costs in relation to the life sciences business were part of Jubilant Pharmaceuticals NV and hence included in the consolidated financial statements of the Company. The Company has made investments in Safe Foods Corporation which has no relation to the pharmaceuticals business of the Company. The Company's investment in Safe Foods Corporation have been transferred to the Parent as at the date of this Offering Memorandum and the Company proposes that its shareholding in Jubilant Life Sciences (Shanghai) Limited be transferred to the Parent as soon as regulatory approvals allow.

Production Capacity and Utilization

A key driver of sales growth is increased production volume at our facilities. We operate six manufacturing facilities across India, the United States and Canada. We estimate that our facilities are currently operating at approximately 80% of capacity in respect of APIs, 60% of capacity in respect of solid dosage formulations and 65% of capacity in respect of the contract manufacturing of sterile injectables.

We also seek to increase production volume by enhancing the overall effectiveness of our other facilities and the overall utilization of all our assets. For example, we intend to increase the capacity utilization at our facilities for several of our API products through enhancing our product mix over the next two years.

Pricing and Government Regulation

Although we consider competitive conditions internationally, such as the pricing of competing products, in setting and revising the price of our products, government regulation also has a significant effect in determining the price of our products in many of the countries in which we operate. Government policy in many countries has emphasized, and large customers continue to seek, discounts on pharmaceutical products. Such pricing pressure has affected us in the three primary geographic markets in which we operate: Japan, the United States and Europe.

In Japan, the government has the authority to set retail prices for prescription drugs, especially in the context of sales reimbursed by national health programs. In Europe, the governments of many emerging countries also have national health programs with similar price control systems. In Europe, drug prices have recently decreased due to measures implemented in countries to control drug costs, and drug prices continue to experience downward pressure due to parallel imports, increased competition in generics, increasing use of health technology assessment based upon cost-effectiveness and other factors. While the United States does not have a general national health insurance system, there has been increasing pricing pressure from managed care groups and institutional and governmental purchasers. The enactment of the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act in March 2010 has increased the amount of rebates paid by pharmaceutical companies and continues to have an effect on the prices of certain products, thus potentially adversely affecting the operating income of pharmaceutical companies, although these effects may be offset in part in the medium to long term by the effects of an increase in individuals covered by health care programs, resulting in an increase in demand. The pharmaceutical industry has also experienced significant pricing pressures in certain emerging countries.

Furthermore, our United States solid dosage formulations business sales may be affected by the impact of supply chain consolidation in the United States such as certain customers engaging in group purchasing agreements and demanding higher rebates for higher combined volume such as the partnership of Walgreens, Alliance Boots and Amerisource Bergen.

We expect such continuing trend of price pressure from government regulation and supply chain consolidation to have a negative effect on our revenue and profitability.

The manufacturing process for pharmaceutical products is highly regulated and regulators may shut down manufacturing facilities that they believe do not comply with regulations. We may have to write off the costs of manufacturing any batch that fails to pass quality inspection or meet regulatory approval. We have put in place necessary quality systems and control measures which have been implemented to ensure that the quality is maintained by process design. Continuous monitoring is being done by our quality control team to deliver high quality products.

In the fiscal year ended March 31, 2016 all six of our manufacturing facilities in our pharmaceuticals business segment (two in India and four in North America) were successfully audited by the USFDA. Our manufacturing facilities also did not receive any major observations in the audits and we believe that all observations were addressed in a timely manner. Most of the EIRs were received, indicating successful closure of these inspections. During the first three months ended June 30, 2016, our manufacturing facility at Roorkee was audited by the USFDA, and we have received the Form 483 from the USFDA containing their observations following the audit, although we have not yet received the EIR. The Company has however received product approvals post the USFDA audit of the Roorkee facility.

In addition, our manufacturing facilities have undergone successful audits by various regulatory agencies such as Health Canada, UKMHRA and PMDA Japan and TGA Australia as well as certain regulatory agencies in Brazil and Mexico. The inspections have confirmed that our facilities are compliant with the expected regulatory standards to ensure consistent supply of quality pharmaceutical products across such regulated markets.

Patent Protection and Generics

Generics is a key product line for us, and we expect that pricing pressures on patented drugs will continue to shift consumer demand to generics as prices decrease. We benefit directly from such shift through our generics products and our API products, which are typically used in the formulations of generics products.

We believe that the impact of drug patent expiry benefits us. In general, the expiry of patents benefits our business by creating potential revenue streams to assist our branded pharmaceutical customers with their lifecycle management, the process by which drug companies create new indications for existing drugs or develop slightly altered chemical combinations of existing drugs, although the expiry of patents can also increase competitive pressure (see "*Risk Factors—Risks Relating to our Business—Our revenues and profits from generic pharmaceutical products typically decline as a result of pricing pressure*"). In addition, we believe patent expiries can directly benefit us by leading to overall sales volume growth in the market. However, the pricing of APIs and generics has been under pressure recently due to the declining prices of solid dosage formulations in the pharmaceuticals market.

Legal protections and remedies for intellectual property are significant factors in determining the competitiveness of and demand for, as well as the prices of, our generic products and APIs.

Research and Development of New Products

The research and development of new innovative pharmaceutical products is essential to continued positive operating results. Accordingly, the nature of our R&D expenses and our ability to successfully launch products under development may have a material impact on our results of operations in a

particular fiscal year. See "*Risk Factors—Risks Associated with Our Business—We are dependent on the success of our R&D and the failure to develop new or improved products or process improvements or production techniques could subject us to write-offs or otherwise adversely affect our business, operations and financial condition and have a negative impact on our competitive position*".

In the United States market we have made a total of 73 ANDA filings (of which 70 are for solid dosage formulations and three are for sterile products), 27 of which were pending for approval as at June 30, 2016. We also have received eight approvals for our ANDA filings, including one tentative approval in the fiscal year ended March 31, 2016. We received two ANDA approvals during the three months ended June 30, 2016.

We and our Parent hold a significant number of process patent applications in relation to the pharmaceuticals business. As at June 30, 2016, we and our Parent had filed intellectual property applications in various countries for innovations in relation to the pharmaceuticals business, including 286 applications relating to 140 inventions in APIs in a number of different countries, 130 applications relating to 70 inventions in solid dosage formulations in a number of different countries, 163 applications relating to 28 inventions in radiopharmaceutical products in a number of different countries and one application relating to one invention in allergy therapy products in the United States, of which 291 applications have been abandoned by us. As at June 30, 2016, we and our Parent had been granted 58 patents (19 active) for APIs, nine (four active) for solid dosage formulations, 76 patents (41 active) for radiopharmaceutical products and one for allergy therapy products. As at June 30, 2016, we and our Parent also held in relation to the pharmaceuticals business 91 registered trademarks for the pharmaceuticals business and had filed 32 trademark applications for the pharmaceuticals business which are currently pending.

While our new products are generally protected by substance patents and exclusivity periods, patents are limited to a certain number of years depending on the jurisdiction and type of patents. Notwithstanding such protection, products with potentially higher efficacy, a more favorable side-effect profile or a more convenient mechanism of delivery are constantly being developed and introduced by our competitors even during the patent protected period. Therefore, sales of a given product typically decrease upon expiration of patent protection and the exclusivity period and in some cases earlier if superior products have been introduced to the market. In order to ensure sustained revenue growth, we must be able to develop or otherwise acquire the rights to develop or market innovative new products.

Our Ability to Manage Cost of Goods Sold

Cost of goods sold consists of costs incurred to manufacture and package our products, which include the cost of raw materials, components and manufacturing expenses used in the production process or the product. Our cost of goods sold are generally impacted by the utilization rate of our facilities, production volumes, mix of products and services and cost of raw materials and cost control measures.

Cost of goods sold is the single largest component of our total expenses comprising 61.2%, 62.7%, 54.3% and 52.4% of our total pharmaceuticals revenue in the fiscal years ended March 31, 2014, 2015 and 2016 and the three months ended June 30, 2016, respectively. In certain business lines and with certain customers we are able to pass increased costs to buyers gradually overtime. See "*Risk Factors—Risks Associated with Our Business—Our failure to maintain a regular and secure supply of raw materials for certain products could adversely affect our business*".

We have implemented various cost control measures, such as our business excellence programs, working capital management and other initiatives related to processes and systems pertaining to sourcing, manufacturing, utilities, logistics and sales across our businesses.

Foreign Currency Exchange Rate Exposure

We manufacture and sell products to customers globally in multiple foreign currencies and face translation and transaction risks related to fluctuations in the exchange rates of such currencies. Our consolidated financial statements are presented in U.S. dollars, and by translating the foreign currency financial statements of our foreign subsidiaries into U.S. dollars, the amounts of our revenue from operations (net), profit for the year and total assets, on a consolidated basis, are affected by prevailing rates of exchange.

A significant portion of our costs and sales revenue is denominated in currencies other than U.S. dollars. These costs are affected by prevailing rates of exchange.

A significant portion of our indebtedness is also denominated in currencies other than the U.S. dollar, the value of which is affected by prevailing rates of exchange.

We have in the past utilized certain hedging instruments, including forward contracts, with respect to our exports and imports from and into India, although currently, due to market uncertainties, the Company has decided not to enter into any forward contracts for the time being. As at March 31, 2014, 2015 and 2016 and as at June 30, 2016, we had outstanding U.S. dollar-Indian rupee forward contracts of US$82.1 million, US$29.0 million, nil and nil, respectively, against exports from India. However, such hedging instruments (if and when entered into) do not cover all of our exposure, and, even to the extent they do, they may only delay, or may otherwise be unable to completely eliminate, the impact of fluctuations in foreign currency exchange rates. Currently, we have not hedged our debt, and accordingly, we are exposed to the impact of fluctuations in foreign currency exchange rates. See "*Risk Factors—Risks Associated with Our Business—Because we have substantial international operations, our sales and profits may be adversely affected by currency fluctuations and restrictions as well as credit risks which could decrease the cost competitiveness of our international sales and reduce our overall profitability, increase the cost of our borrowings and repayment of indebtedness and reduce our net income*".

Interest Rate Exposure

As at June 30, 2016, 94.1% of our outstanding indebtedness was subject to floating interest rates. We have in the past entered into floating to fixed interest rate swap agreements (although currently, due to market uncertainties, the Company has decided not to enter into any fixed interest rate swap agreements for the time being) and as at March 31, 2014, 2015 and 2016 and as at June 30, 2016, we had outstanding interest rate swap agreements in the amounts of US$17.1 million, US$16.2 million, nil and nil, respectively.

Critical Accounting Policies

The consolidated financial statements of the Group included elsewhere in this Offering Memorandum have been prepared in conformity with U.S. GAAP.

The preparation of these consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

Significant items subject to such estimates and assumptions include the allocation of various items to the APIs and solid dosage formulations businesses of the Parent that were transferred to the Group in July 2014 (the "**Carved In Divisions**"), useful lives of property, plant and equipment, useful lives of intangibles, fair value measurements for impairment assessment of long-lived assets and goodwill, valuation allowance for deferred tax assets, accounting for deductions from revenues (such as rebates, charge backs, price equalisations, sales returns and bill backs), allowances for doubtful receivables, assessment for market value of inventory, measurements of stock-based compensation, assets and obligations related to employee benefits, income tax uncertainties and other contingencies. Management believes that the estimates used in the preparation of the consolidated financial statements are reasonable. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any changes in estimates are adjusted prospectively in the consolidated financial statements.

The Group's underlying accounting records do not contain an allocation of depreciation and amortization between cost of goods sold, selling, general and administration expenses and research and development expenses. The charge for depreciation and amortization has been presented as a separate line item in the consolidated statement of income.

Our critical accounting policies are described below. See Note 2 of our consolidated financial statements included elsewhere in this Offering Memorandum for a summary of all our significant accounting policies.

Basis of preparation

The Group's consolidated financial statements have been prepared in conformity with U.S. GAAP to reflect the financial position and results of operations of the Group, by retrospectively consolidating the result of operations, statement of financial position and other financial information of historical common control transactions from the date of inception of common control and retrospective adjustment for historical financial information of transfer out of entities. Any differences between the consideration paid or received and assets and liabilities acquired or transferred for such common control transaction is adjusted through equity.

All intra-group transactions and balances are eliminated in the preparation of the Group's consolidated financial statements.

The non-controlling interest disclosed in the Group's consolidated financial statements represents the non-controlling shareholders' interest (outside the common control group) in the consolidated operations of Cadista Holdings Inc. and the profits or losses associated with such non-controlling interest.

The historical financial statements of the Carved In Divisions prior to the date of the consummation of their transfer to the Group (i.e. July 1, 2014) had been prepared in the manner mentioned below:

- Directly identifiable assets, liabilities, income and expenditure had been recorded in the respective Carved In Divisions.

- Common expenses (including hedging reserve balance and stock based compensation) incurred by the corporate office on behalf of the Carved In Divisions had been allocated on the basis of key business activities e.g. head count, area occupied, average capital employed etc. Average capital employed includes research and development costs and is calculated as per average of the net assets deployed as at the beginning and the end of the respective reporting periods.

- Finance cost (including gain or loss on related derivative instruments) with respect to the Carved In Divisions had been allocated on the basis of average capital employed (computed in the manner stated above).

- In accordance with Indian tax laws, the Parent is liable to assess tax on the Company as a whole and, therefore, a separate tax basis for the Carved In Divisions is not available. Further, the tax basis of the Carved In Divisions will not be carried forward and tax has been reset under Indian tax law after the consummation of the business transfer.

- Allocated assets and liabilities had been included in the respective line items of the consolidated balance sheets and the net assets or liabilities of the Carved In Divisions has been included in additional paid in capital.

Functional currency and exchange rate translation

The consolidated financial statements are reported in U.S. dollars. The functional currency of the Company is the U.S. dollar. The functional currencies of the Group entities situated in Canada, Belgium, Switzerland, United Kingdom, China and India are their respective local currencies. The functional currency of all other entities forming part of the Group is the U.S. dollar. The financial statements of all entities are included in the consolidated financial statements, based on translation into U.S. dollars.

Assets and liabilities are translated at year-end exchange rates, while revenues, expenses and cash flow items are translated at average exchange rates. Differences resulting from translation are presented in the consolidated statement of comprehensive income/(loss) as currency translation adjustments.

Transactions in foreign currencies are translated into the functional currency at the rates of exchange prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into the functional currency at the rates of exchange prevailing at the balance sheet date. The resultant gains or losses are included in the consolidated statement of income.

Revenue recognition

Revenue is recognized when significant risks and rewards in respect of ownership of the products are transferred to the customer or when services are provided to customers and when the following criteria are met:

- Persuasive evidence of an arrangement exists;

- Delivery has occurred or services have been rendered;

- The price to the buyer is fixed and determinable; and

- Collectability of the sales price is reasonably assured.

Revenue is presented net of certain rebates or discounts and allowances including charge-backs, price equalization, expected sales return and bill backs.

The computation of these estimates involves significant judgment based on various factors including contractual terms, historical experience, estimated inventory levels and expected sell-through levels in the supply chain.

When the advance payment is received from customers, such payments are reported as advances from customers until all conditions for revenue recognition are met.

The revenue related to contract manufacturing arrangements is recognised as follows:

- Any fees including upfront fees received in relation to contract manufacturing arrangements are recognized on a straight line basis over the period of completion of related production services. Revenue resulting from the achievement of milestone events stipulated in agreements is recognized when the milestone is achieved. Milestones are based upon the occurrence of a substantive element specified in the contract or as a measure of substantive progress towards completion under the contract.

- Subsequently, revenue towards commercial production services is recognized when services are complete and the product has met rigorous quality assurance testing, delivery is made, title transfers to the customer, and collection is reasonably assured. In certain instances, the Group's customers request that the Group retain materials produced upon completion of the commercial batch production due to the fact that the customer does not have a qualified facility to store those materials or for other reasons. In these instances, the revenue recognition process is considered complete when project documents have been delivered to the customer and amounts due have been collected or collectable.

The Group enters into revenue arrangements to sell multiple products and/or services (multiple deliverables). Revenue arrangements with multiple deliverables are evaluated to determine if the deliverables (items) can be divided into more than one unit of accounting. An item can generally be considered a separate unit of accounting if all of the following criteria are met:

- The delivered item(s) has value to the customer on a standalone basis;

- There is objective and reliable evidence of the fair value of the undelivered item(s); and

- If the arrangement includes a general right of return relative to the delivered item(s), delivery or performance of the undelivered item(s) is considered probable and substantially in the control of the Group.

If an arrangement contains more than one element, the arrangement consideration is allocated among separately identified elements based on the relative fair values of each element.

The Group enters into collaborative agreements with other parties for product development. The agreement clearly provides for the rights and responsibility of each party. All the milestones for product development are defined and the responsibility of each party is clearly defined in terms of execution of their respective milestones and the amount to be spent. The Group recognises the amount spent by itself in its books of account whereas the amount spent by a counterparty is not recognised in the Group's books.

Clinical research services are offered through various fixed price, time and material or unit-based contracts. Revenue from fixed-price contracts for each separately identified element is recorded on a proportional performance basis. Revenue from time and material contracts are recognized as hours are incurred, multiplied by contractual billing rates.

Revenue from unit-based contracts is generally recognized as units are completed. Cost and earnings in excess of billings are classified as unbilled revenue while billings in excess of costs and earnings are classified as deferred revenue.

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

Non-refundable up-front license fees received in connection with product out-licensing agreements are deferred and recognized over the period in which the Group has continuing performance obligations.

Reimbursements of out of pocket expenses received from customers have been included as part of revenues.

Income in respect of entitlement towards export incentives is recognized in accordance with the relevant scheme on recognition of the related export sales. Such export incentives are recorded as part of other operating income.

Royalty revenue is recognized on an accrual basis in accordance with contractual agreements when all significant contractual obligations have been satisfied, the amounts are determinable and collection is reasonably assured.

Taxes collected from customers and remitted to governmental authorities are accounted for on a net basis and therefore are excluded from revenues in the consolidated statement of income.

Shipping and other transportation costs charged to customers are recorded in both revenue and cost of goods sold.

Inventories

Inventories comprise raw materials, stores and spares, work-in-progress and finished goods. Inventories are stated at lower of cost or net realizable value. Cost is determined using the weighted average method. Stores and spares comprise engineering spares such as machinery spares, and consumables such as lubricants and oils, which are used in operating machines or consumed as indirect materials in the manufacturing process. Cost in the case of raw materials and stores and spares, comprises the purchase price and attributable direct cost, less trade discounts. Cost in the case of work-in-progress and finished goods comprise direct labour, material cost and production overheads.

A write down of inventory to the lower of cost or market value at the end of a reporting period creates a new cost basis and is not marked up based on changes in underlying facts and circumstances. Write-downs of cost to market value, if any, are included in the cost of goods sold.

Research and development

Revenue expenditure on research and development and advertising is expensed as incurred. Capital expenditure incurred on equipment and facilities that are acquired or constructed for research and development activities and having alternative future uses is capitalized as tangible assets when acquired or constructed.

Property, plant, and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and amortization. The Group depreciates property, plant and equipment over the estimated useful life using the straight-line method. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited or charged to the consolidated statement of income.

The estimated useful lives of assets are as follows:

Buildings	30-60 years
Machinery and equipment	1-20 years
Office equipment	3-15 years
Furniture and fixtures	5-15 years
Computer equipment	3-5 years
Computer software	3-5 years
Vehicles	3-5 years
Vehicles under finance lease	Period of the lease
Leasehold improvement	Shorter of useful life or the remaining period of lease

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date and the cost of property, plant and equipment not put to use before such date are disclosed under capital work-in-progress which is disclosed under property, plant and equipment. The interest cost incurred for funding an asset during its construction period is capitalized based on the actual investment in the asset and the average cost of funds. The capitalized interest is included in the cost of the relevant asset and is depreciated over the estimated useful life of the asset.

Business combinations, goodwill and other intangible assets

The Group accounts for its business combinations by recognizing the identifiable tangible and intangible assets and liabilities assumed, and any non-controlling interest in the acquired business, measured at their acquisition date fair values. All assets and liabilities of the acquired business, including goodwill, are assigned to reporting units.

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is reviewed for impairment at least annually i.e. as at March 31 every year.

The Group performs an assessment of qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount.

Based on the assessment of events or circumstances, the Group performs the quantitative assessment of goodwill impairment if it determines that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. In the quantitative assessment, recoverability of goodwill is evaluated using a two-step process.

Under step one, the fair value of the reporting unit is compared with its carrying amount (including goodwill). If the fair value of the reporting unit is less than its carrying amount, an indication of goodwill impairment exists for the reporting unit and the entity must perform step two of the impairment test (measurement).

Under step two, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation and the residual fair value after this allocation is the implied fair value of the reporting unit goodwill. Fair value of the reporting unit is determined using a discounted cash flow analysis. If the fair value of the reporting unit exceeds its carrying amount, step two does not need to be performed.

The estimated useful lives of intangibles are as follows:

Customer contracts and relationship intangibles . .	3 - 10 years
Abbreviated New Drug Applications (ANDAs). . .	6 - 20 years
Patents, know how	5 years
Intellectual property rights	5 years

Intangible assets are amortized over their estimated useful lives using a method of amortization that reflects the pattern in which the economic benefits of the intangible assets are consumed or otherwise realized.

Impairment of long lived assets

Long lived assets, such as property, plant, and equipment, and purchased intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long lived asset or asset group (reporting unit) be tested for possible impairment, the Group first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying amount. If the carrying amount of the long lived asset or asset group is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying amount exceeds its fair value.

Derivatives and hedge accounting

In the normal course of business, derivative financial instruments are used to manage fluctuations in foreign currency exchange rates and interest rate risk. The derivative instruments are recognized as either assets or liabilities in the consolidated balance sheet and measured at fair value.

Gains and losses resulting from changes in fair value are accounted for depending on the use of the derivative and whether it is designated and qualifies for hedge accounting.

Changes in fair values of derivatives designated as cash flow hedges are deferred and recorded as a component of consolidated statement of comprehensive income/(loss) reported under consolidated statement of comprehensive income/(loss) until the hedged transactions occur and are then recognized in the consolidated statement of income along with the underlying hedged item and disclosed as part of the line item in which the underlying hedge item is recorded.

Changes in the fair value of derivatives not designated as hedging instruments, the ineffective portion of derivatives designated as cash flow and interest rate hedges are recognized in the consolidated statement of income.

With respect to derivatives designated as hedges, the Group contemporaneously and formally documents all relationships between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also

formally assesses, both at the inception of the hedge and on a quarterly basis, on a cumulative basis, whether each derivative is highly effective in offsetting changes in fair values or cash flows of the hedged item. If it is determined that a derivative or a portion thereof is not highly effective as a hedge, or if a derivative ceases to be a highly effective hedge, the Group will prospectively discontinue hedge accounting with respect to that derivative.

If hedge accounting is discontinued and the derivative is retained, the Group continues to carry the derivative at its fair value on the balance sheet and recognizes any subsequent change in its fair value in the consolidated statement of income.

The gains and losses attributable to such derivatives that were accumulated in the consolidated statement of comprehensive income/(loss) until discontinuation of the hedge relationship are carried forward and transferred to the consolidated statement of income when the forecasted transaction is to occur. If it is probable that a forecasted transaction will not occur, such accumulated (gains)/losses are transferred to the consolidated statement of income immediately.

Income taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Deferred tax assets are reduced by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred taxes are not provided on the undistributed earnings of subsidiaries outside India where it is expected that the earnings of the foreign subsidiary will be permanently reinvested.

The Group applies a two-step approach for recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining, based on the technical merits, that the position will be more likely than not sustained upon examination. The second step is to measure the tax benefit as the largest amount of the tax benefit that is greater than 50% likely of being realized upon settlement. The Group includes interest and penalties related to unrecognized tax benefits within its provision for income tax expense.

The Group uses the flow-through method to account for investment tax credits earned on eligible scientific research and development expenditures. Under this method, the investment tax credits are recognized as a reduction to income tax expense.

The Group recognizes interest and penalties related to unrecognized tax benefits within the income tax expense line in the accompanying consolidated statement of income. Accrued interest and penalties are included within the related tax liability line in the consolidated balance sheet.

Retirement benefits to employees

Contributions to defined contribution plans are charged to the consolidated statement of income in the period in which services are rendered by the covered employees. Current service costs for defined benefit plans are accrued in the period to which they relate.

The Group makes contributions to a recognised provident fund "Vam Employees Provident Fund Trust" (a multiemployer trust) for most of its employees in India, which is a defined benefit plan to the extent that the Group has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

The Group's obligation in this regard is determined by an independent actuary and provided for if the circumstances indicate that the Trust may not be able to generate adequate returns to cover the interest rates notified by the Government. For other employees in India, the provident fund is deposited with the Regional Provident Fund Commissioner. This is treated as a defined contribution plan. The Group's contribution to the provident fund is charged to consolidated statement of income.

The liability in respect of defined benefit plans is calculated annually by the Group using the projected unit credit method. Prior service cost, if any, resulting from an amendment to a plan is recognized and amortized over the remaining period of service of the covered employees.

The Group recognizes its liabilities for compensated absences dependent on whether the obligation is attributable to employee services already rendered, relates to rights that vest or accumulate and payment is probable and estimable.

The Group records annual amounts relating to its defined benefit plans based on calculations that incorporate various actuarial and other assumptions, including discount rates, mortality, assumed rates of return, compensation increases, turnover rates and healthcare cost trend rates. The Group reviews its assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends when it is appropriate to do so.

The effect of modifications to those assumptions is recorded immediately as a component of net periodic pension cost. The Group believes that the assumptions utilized in recording its obligations under its plans are reasonable based on its experience and market conditions.

Fair value measurement

The Group measures fair value for various financial and non-financial assets, to the extent required by respective guidance either for recording or disclosure purposes. Except those items which are excluded from the scope of ASU 2011 - 04, such fair value is determined based on the price 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.

The accounting standard establishes a fair value hierarchy that categorizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

- Level 2: Observable inputs that are based on inputs not quoted on active markets, but corroborated by market data.

- Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Group utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and considers credit risk in its assessment of fair value.

Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigations, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated. Legal costs incurred in connection with the same are expensed as incurred.

Principal Components of Statements of Comprehensive Income

Business Segments

For our financial reporting, we classify our business activities into one segment: pharmaceuticals.

Our pharmaceuticals business segment is comprised of the following key business lines: generics, namely APIs and solid dosage formulations; and specialty pharmaceuticals (sterile products), namely radiopharmaceuticals, allergy therapy products and the contract manufacturing of sterile injectables.

Revenue

The following table shows a breakdown of revenue from operations (net) by key business lines in our pharmaceuticals business segment for the periods presented.

	Fiscal Year Ended March 31						Three Months Ended June 30			
	2014		2015		2016		2015		2016	
	(US$ thousands)	(%)	(US$ thousands)	(%)	(US$ thousands)	(%)	(US$ thousands)	(%)	(US$ thousands)	(%)
Generics										
Active Pharmaceutical Ingredients (API)	77,967	18.7	83,313	20.1	87,348	20.1	23,267	21.2	21,342	19.2
Solid Dosage Formulations	149,500	35.9	136,600	32.9	121,055	27.9	29,264	26.7	28,836	25.9
Specialty Pharmaceuticals (Sterile Products)										
Radiopharmaceuticals	41,250	9.9	86,967	20.9	110,553	25.4	28,548	26.0	29,215	26.2
Allergy Therapy Products	32,700	7.8	30,651	7.4	32,469	7.5	7,317	6.7	8,653	7.8
Contract Manufacturing (CMO)	109,096	26.2	75,829	18.3	82,735	19.0	21,149	19.3	23,238	20.9
Clinical Research	6,133	1.5	1,804	0.4	267	0.1	47	0.0	47	0.0
Revenue from operations (net)	**416,646**	**100.0**	**415,164**	**100.0**	**434,426**	**100.0**	**109,592**	**100.0**	**111,332**	**100.0**

Revenue from operations (net). Revenue from operations (net) consists of the revenue from the sale of pharmaceuticals goods and services by the Group.

Other operating income. Other operating income includes the sale of scrap, export incentives and foreign exchange gains/losses on purchase and sale transactions. The following table shows the breakdown of our other operating income for the periods specified.

	Fiscal Year Ended March 31			Three Months Ended June 30	
	2014	2015	2016	2015	2016
	(US$ thousands)				
Scrap sales	987	849	604	132	166
Foreign exchange gain/(loss), net	(1,631)	2,447	847	(507)	178
Export incentives	280	376	3,273	747	1,073
Settlement fee towards claim filed	—	—	3,646	—	—
Others	1,655	1,356	704	1,375	119
Total	**1,291**	**5,029**	**9,074**	**1,747**	**1,536**

Scrap sales. Scrap sales include the sale of scrap materials generated during normal business operations.

Foreign exchange gain/loss. Foreign exchange gain/loss represents gains/losses on the restatement of foreign currency debtors and creditors at the relevant closing exchange rate and also foreign exchange gains/losses on the settlement of receivables and payables in a foreign currency.

Export incentives. Export incentives represents various incentives given by the government of India on the export of goods and services out of India.

Settlement fee towards claim filed. Settlement fee towards claim filed represents the recovery of costs from customers on account of rejected batches because of faulty components, as approved by the customer, used in the manufacturing of goods for the customer in our CMO business.

Others. Others represents liability written back, bad debts recovered and recovery from customers on account of utilities and other facilities used by the customer.

Expenses

The following table shows the breakdown of our expenses from our pharmaceuticals business segment for the periods specified.

	Fiscal Year Ended March 31			Three Months Ended June 30	
	2014	2015	2016	2015	2016
	(US$ thousands)				
Cost of goods sold	254,930	260,121	235,813	59,200	58,375
Selling, general and administrative expenses	64,136	73,971	63,417	15,524	15,755
Research and development expenses	26,765	24,820	25,621	6,133	6,285
Depreciation & amortization expense	25,554	26,062	24,128	6,225	5,909
Total expenses	**371,385**	**384,974**	**348,979**	**87,081**	**86,324**

Cost of goods sold. Cost of goods sold represent all costs including raw materials, consumables and overheads in relation to the goods sold by the Group.

Selling, general and administrative expenses. Selling, general and administration expenses include expenses incurred by sales and distribution functions and also include administrative expenses such as expenses incurred by the human resources, corporate accounts, secretarial, taxation and administration functions of the Group.

Research and development expenses. Research and development expenses represent costs incurred by the Group on the research and development of new products and process improvements undertaken by the Group.

Depreciation and amortization. Depreciation and amortization expenses primarily comprise the depreciation of property, plant and equipment, furniture, fixtures and buildings and the amortization of intangible assets and software.

Other (income)/expenses, net

The following table shows the breakdown of our other (income)/expenses from our pharmaceuticals business segment for the periods specified.

	Fiscal Year Ended March 31			Three Months Ended June 30	
	2014	2015	2016	2015	2016
	(US$ thousands)				
Interest income	(66)	(157)	(73)	(51)	(138)
Finance cost	13,257	25,805	22,014	4,030	5,426
Loss/(profit) on sale of property, plant and equipment, net	(2)	518	1,414	15	(7)
Foreign exchange loss/(profit), net	3,466	(1,333)	1,596	1,291	227
Expense on stock settled debt instrument	—	5,600	5,100	1,500	1,275
Profit on sale of investments	—	—	(2,067)	—	—
Others	(453)	(650)	(77)	59	(18)
Total	**16,202**	**29,783**	**27,907**	**6,844**	**6,765**

Interest income. Interest income represents interest earned on the deployment of surplus funds and loans extended to employees.

Finance cost. Finance cost represents interest and ancillary costs incurred in relation to borrowings by the Group's during each reported period.

Profit on sale of property, plant and equipment. Profit on sale of property, plant and equipment represents the cost of various equipment scrapped on obsolescence, net of profit earned on the sale of some of the equipment.

Foreign exchange loss, net. Foreign exchange loss, net represents foreign exchange losses/gains on the restatement of loans in a foreign currency at the relevant closing exchange rate and also foreign exchange gains/losses on the repayment of loans in a foreign currency.

Expense on stock settled debt instrument. Expense on stock settled debt instrument represents the change in the carrying value of the convertible debt of US$60 million owed by the Company to the International Finance Corporation.

Profit on sale of Investment. Profit on sale of Investment represents profit earned by the Group on the sale of investments held by the Group.

Other non-operating income. Other non-operating income comprises rental income and other miscellaneous receipts.

Tax Expenses

The following table shows the breakdown of our tax expenses from our pharmaceuticals business segment.

	Fiscal Year Ended March 31			Three Months Ended June 30	
	2014	2015	2016	2015	2016
	(US$ thousands)				
Current tax	10,194	3,576	21,375	3,572	3,339
Deferred tax expense/(benefit)	(3,053)	(9,178)	(3,841)	(1,139)	492
Total tax expenses/(credit)	**7,142**	**(5,602)**	**17,534**	**2,433**	**3,831**

Current tax. Current tax expenses consist of tax payable by us based on our taxable income for the fiscal year computed using prevailing rates.

Deferred tax expense/(benefit). Deferred tax expense/(benefit) consists of the movement of differences between the accounting value and the tax value of assets and liabilities at each balance sheet date and reversal of temporary differences of earlier fiscal years for items such as depreciation and amortization, provision for leave encashment and gratuity, amount disallowed on payment basis and accumulated losses as per tax laws.

Results of Operations

The following discussion is a discussion of our results of operations from our pharmaceuticals business segment. The results of operations from the life sciences business which are included in our consolidated financial statements are not included in the below discussion.

Three Months ended June 30, 2016 Compared with Three Months ended June 30, 2015

Revenue from operations (net). Revenue from operations (net) increased by US$1.7 million, or 1.6%, to US$111.3 million in the three months ended June 30, 2016 from US$109.6 million during the three months ended June 30, 2015, primarily attributable to an increase in revenue from the specialty pharmaceuticals (sterile products) business line. Growth in sales volumes contributed to increased revenues from operations (net), which was partially offset by a decrease in base sales prices by primarily in the solid dosage formulations business line.

Revenue from markets outside India contributed 95.2% to total revenue from operations (net) during the three months ended June 30, 2016. Developed markets, comprising North America, Europe and Japan, contributed 83.7% of the total revenue from operations (net) in the three months ended June 30, 2016.

Generics business line. The generics business line accounted for 45.1% of our total revenue from operations (net) in the three months ended June 30, 2016. Revenues from this business line decreased by US$2.3 million, or 4.4%, to US$50.2 million for the three months ended June 30, 2016 from

US$52.5 million for the three months ended June 30, 2015. The generics business line revenue decreased primarily as a result of:

- an 8.6% decrease in revenue from APIs to US$21.3 million for the three months ended June 30, 2016, from US$23.3 million for the three months ended June 30, 2015, largely due to a decrease in revenues of US$1.5 million in some of our key products such as Citalopram and Pinaverium Bromide due to market dynamics; and

- a 1.7% decrease in revenue from solid dosage formulations to US$28.8 million for the three months ended June 30, 2016 from US$29.3 million for the three months ended June 30, 2015, driven by a decrease in United States operations due to the consolidation of our supply chain, leading to price erosion which was partially offset by an increase in sales mainly in Australia, during the three months ended June 30, 2016.

Specialty pharmaceuticals (sterile products) business line. The specialty pharmaceuticals (sterile products) business line accounted for 54.9% of our total revenue from operations (net) in the three months ended June 30, 2016. Revenues from this business line increased by US$4.1 million, or 7.2%, to US$61.2 million for the three months ended June 30, 2016 from US$57.1 million for the three months ended June 30, 2015. The specialty pharmaceuticals (sterile products) business line revenue increased primarily due to:

- an 19.2% increase in revenue from the allergy therapy products business line to US$8.7 million for the three months ended June 30, 2016 from US$7.3 million for the three months ended June 30, 2015, primarily due to an increase in prices, in line with market rates, effected during the three months ended June 30, 2016; and

- a 10.0% increase in revenue from the contract manufacturing of sterile injectables to US$23.2 million during the three months ended June 30, 2016 from US$21.1 million during the three months ended June 30, 2015, primarily driven by an increase in revenues of US$1.7 million from the Spokane facility due to higher sales to certain key customers following the resumption of the facility's operations following the successful resolution of the USFDA warning letter.

Other operating income, net. Other operating income decreased by US$0.2 million, or 11.8%, to US$1.5 million for the three months ended June 30, 2016 from US$1.7 million for the three months ended June 30, 2015, primarily due to losses on currency movements.

Cost of goods sold. Cost of goods sold decreased by US$0.8 million, or 1.4%, to US$58.4 million for the three months ended June 30, 2016 from US$59.2 million for the three months ended June 30, 2015, primarily due to a change in our overall business mix and slight changes in the product mix within our respective business lines.

Selling, general and administrative expenses. Selling, general and administrative expenses increased by US$0.3 million, or 1.9%, to US$15.8 million for the three months ended June 30, 2016 from US$15.5 million for the three months ended June 30, 2015.

Research and development expenses. Research and development expenses increased by US$0.2 million, or 3.3%, to US$6.3 million for the three months ended June 30, 2016 from US$6.1 million for the three months ended June 30, 2015, primarily due to increases in research and development costs in relation to the solid dosage formulations and radiopharmaceutical businesses.

Depreciation and amortization. Depreciation and amortization decreased by US$0.3 million, or 4.8%, to US$5.9 million for the three months ended June 30, 2016 from US$6.2 million for the three months ended June 30, 2015, as no major capital expenditures were incurred in the three months ended June 30, 2016.

Other expenses. Other expenses decreased slightly by US$0.1 million, or 1.4%, to US$6.8 million in the three months ended June 30, 2016 from US$6.9 million in the three months ended June 30, 2015.

Income before income tax. As a result of the above, income before income tax increased by 13.8% to US$19.8 million for the three months ended June 30, 2016 from US$17.4 million for the three months ended June 30, 2015.

Income tax expense. The Group had an income tax expense of US$3.8 million for the three months ended June 30, 2016, as compared to an income tax benefit of US$2.4 million for the three months ended June 30, 2015. The increase in income tax expense was primarily due to an increase in taxable income from our operations in the United States.

Net income/ (loss) attributable to Jubilant Pharma Limited. As a result of the above, net income increased by US$0.9 million, or 6.0%, to US$15.9 million for the three months ended June 30, 2016 from US$15.0 million for the three months ended June 30, 2015.

Fiscal Year Ended March 31, 2016 Compared with Fiscal Year Ended March 31, 2015

Revenue from operations (net). Revenue from operations (net) increased by US$19.2 million, or 4.6%, to US$434.4 million in the fiscal year ended March 31, 2016 from US$415.2 million in the fiscal year ended March 31, 2015, primarily attributable to an increase in revenue from the specialty pharmaceuticals (sterile products) business line. Sales volume growth contributed to increased revenues from operations (net), which was partially offset by a decrease in base sales prices, primarily in the solid dosage formulations business line.

Revenue from markets outside India contributed 96.5% to total revenue from operations (net) in the fiscal year ended March 31, 2016. Developed markets, comprising North America, Europe and Japan, contributed 86.6% of the total revenue from operations (net) in the fiscal year ended March 31, 2016.

Generics business line. The generics business line accounted for 48.0% of our total revenue from operations (net) in the fiscal year ended March 31, 2016. Revenues in this business line decreased by US$11.5 million, or 5.2%, to US$208.4 million in the fiscal year ended March 31, 2016 from US$219.9 million in the fiscal year ended March 31, 2015. The generic business line revenue decreased primarily as a result of:

- an 11.3% decrease in revenue from solid dosage formulations to US$121.1 million in the fiscal year ended March 31, 2016 from US$136.6 million in the fiscal year ended March 31, 2015, driven by a decrease in revenues from our United States operations as a result of the consolidation of our supply chain (such as the partnership of Walgreens, Alliance Boots and Amerisource Bergen) leading to price erosion, which was partially set off by an increase in sales in Australia and Japan during the fiscal year ended March 31, 2016,

- which was partially offset by: a 4.8% increase in revenue from APIs to US$87.3 million in the fiscal year ended March 31, 2016, from US$83.3 million in the fiscal year ended March 31, 2015, largely due to an increase in the volume of sales of our API commercial products as a result of increased utilization at our facilities. The increase in sales volume revenue was partially offset by lower sales prices for some of our APIs as a result of price erosion in the generics market.

Specialty pharmaceuticals (sterile products) business line. The specialty pharmaceuticals (sterile products) business line accounted for 52.0% of our total revenue from operations (net) in the fiscal year ended March 31, 2016. Revenues from this business line increased by US$30.7 million, or 15.8%, to US$226.0 million for the fiscal year ended March 31, 2016 from US$195.3 million for the fiscal year ended March 31, 2015. The specialty pharmaceuticals (sterile products) business line revenue increased primarily due to:

- a 27.1% increase in revenue from radiopharmaceuticals to US$110.6 million in the fiscal year ended March 31, 2016 from US$87.0 million in the fiscal year ended March 31, 2015, primarily due to the full year impact of the price increases introduced during the second quarter of the fiscal year ended March 31, 2015 in MAA and DTPA contributing to growth; and

- a 9.1% increase in revenue from the contract manufacturing of sterile injectables to US$82.7 million in the fiscal year ended March 31, 2016 from US$75.8 million in the fiscal year ended March 31, 2015, driven by an increase in revenue by US$23.0 million from the Spokane facility after the change in compliance status following the resolution of the observations in the warning letter received from the USFDA, which was partially offset by a decrease in revenue from the Montreal facility by US$16.0 million due to breakdowns in the lyophilised product line.

Other operating income, net. Other operating income increased by US$4.1 million, or 82.0%, to US$9.1 million in the fiscal year ended March 31, 2016 from US$5.0 million in the fiscal year ended March 31, 2015, primarily due to a settlement fee received for the termination of a customer's contract in respect of our CMO operations.

Cost of goods sold. Cost of goods sold decreased by US$24.3 million, or 9.3%, to US$235.8 million in the fiscal year ended March 31, 2016 from US$260.1 million in the fiscal year ended March 31, 2015, primarily attributable to the shut-down of our CMO operations in Spokane where we voluntarily shut down the plant in order to take remedial measures to resolve the observations cited in a warning letter received from the USFDA, which in turn led to unabsorbed overheads and certain batch discards when plant operations were resumed, as well as due to the lower cost of materials consumed in our CMO operations at Montreal in line with a decrease in sales volumes.

Selling, general and administrative expenses. Selling, general and administrative expenses decreased by US$10.6 million, or 14.3%, to US$63.4 million in the fiscal year ended March 31, 2016 from US$74.0 million in the fiscal year ended March 31, 2015, primarily attributable to an increase in expenses in our CMO operations at our Spokane facility, mainly relating to legal and consultancy expenses, as we engaged a consultant during the fiscal year ended March 31, 2015 as a remedial measure in respect of the warning letter received from the USFDA, as well as due to certain old receivables written off during this period, which expenses did not reoccur during the fiscal year ended March 31, 2016.

Research and development expenses. Research and development expenses increased by US$0.8 million, or 3.1%, to US$25.6 million for the fiscal year ended March 31, 2016 from US$24.8 million in the fiscal year ended March 31, 2015, primarily due to increases in research and development costs in relation to the radiopharmaceuticals business.

Depreciation and amortization expenses. Depreciation and amortization expenses decreased by US$2.0 million, or 7.7%, to US$24.1 million in the fiscal year ended March 31, 2016 from US$26.1 million in the fiscal year ended March 31, 2015, primarily as a result of the depreciation of the Indian rupee and Canadian dollar against the U.S. dollar.

Other expenses. Other expenses decreased by US$1.9 million, or 6.4%, to US$27.9 million in the fiscal year ended March 31, 2016 from US$29.8 million in the fiscal year ended March 31, 2015, primarily attributable to a decrease in finance costs due to the repayment of certain loans during the fiscal year ended March 31, 2016.

Income before income taxes. As a result of the above, income before income tax increased significantly to US$66.6 million in the fiscal year ended March 31, 2016 from US$5.4 million during the fiscal year ended March 31, 2015.

Income tax expense. Income tax expense increased to US$17.5 million in the fiscal year ended March 31, 2016, as compared to an income tax credit of US$5.6 million in the fiscal year ended March 31, 2015, primarily attributable to an increase in taxable income from our operations.

Net income. As a result of the above, net income increased significantly to US$49.1 million in the fiscal year ended March 31, 2016 from US$11.0 million in the fiscal year ended March 31, 2015.

Net income attributable to non-controlling interest. Net income attributable to non-controlling interest became nil during the fiscal year ended March 31, 2016 as compared to the fiscal year ended March 31, 2015 as we bought out the 17.62% minority stake in Cadista Holdings Inc. during this period.

Net income attributable to the Company. As a result of the above, net income attributable to the Company increased significantly to US$49.1 million in the fiscal year ended March 31, 2016 from US$8.0 million in the fiscal year ended March 31, 2015.

Fiscal Year Ended March 31, 2015 Compared with Fiscal Year Ended March 31, 2014

Revenue from operations (net).

Revenue from operations, net decreased by US$1.4 million, or 0.3%, to US$415.2 million in the fiscal year ended March 31, 2015 as compared with US$416.6 million in the fiscal year ended March 31, 2014, due to decreased revenues from our generics business line, which was partially offset by an increase in revenues from our specialty pharmaceuticals (sterile products) business line.

Revenues from markets outside India contributed 96.2% of our total revenue from operations (net) in the fiscal year ended March 31, 2015. Developed markets, comprising North America, Europe and Japan, contributed 87.7% of the total revenue from operations (net) in the fiscal year ended March 31, 2015.

Generics business line.

The generics business line accounted for 53.0% of our total revenue from operations (net) in the fiscal year ended March 31, 2015. Revenues from this business line decreased by US$7.6 million, or 3.3%, to US$219.9 million from US$227.5 million in the fiscal year ended March 31, 2014. The generics business line revenue decreased primarily as a result of:

- an 8.6% decrease in revenue from our solid dosage formulations business to US$136.6 million in the fiscal year ended March 31, 2015 from US$149.5 million in the fiscal year ended March 31, 2014, driven by a decrease in revenues in Japan due to a change in the process for a key

product, which led to a period where the product could not be sold. This decrease was partly set off by an increase in sales in the rest of the world, mainly in Australia and Canada, though sales in the United States remained stagnant during the year as decreases in the prices of our products were set off by an increase in sales volumes,

- which was partially offset by: a 6.8% increase in revenue from our APIs business to US$83.3 million in the fiscal year ended March 31, 2015, from US$78.0 million in the fiscal year ended March 31, 2014, largely due to an increase in sales volumes due to increased utilization at our facilities, which was partially offset by a decrease in prices in some of our products as a result of price erosions in the generics industry.

Specialty pharmaceuticals (sterile products) business line. The specialty pharmaceuticals (sterile products) business line accounted for 47.0% of our total revenue from operations (net) in the fiscal year ended March 31, 2015. Revenues from this business line increased by US$6.1 million, or 3.2%, to US$195.3 million for the fiscal year ended March 31, 2015 from US$189.2 million for the fiscal year ended March 31, 2014. The specialty pharmaceuticals (sterile products) business line revenue increased primarily due to:

- a 110.7% increase in revenue from our radiopharmaceuticals business to US$87.0 million in the fiscal year ended March 31, 2015 from US$41.3 million in the fiscal year ended March 31, 2014, primarily due to the price increase during the second quarter of the fiscal year ended March 31, 2015 in MAA and DTPA due to the fact that the Group had been making only very thin margins on its sales,

which was partially offset by:

- a 30.5% decrease in revenue from the contract manufacturing of sterile injectables to US$75.8 million in the fiscal year ended March 31, 2015 from US$109.1 million in the fiscal year ended March 31, 2014, due to a decrease in revenue from the Montreal manufacturing facility due to a loss of key customers, as a product, monestat, was taken over by a third party private equity entity which transferred the product to its own captive plant. Further, the voluntary shut down of the Spokane facility, as part of the remedial action following the receipt of warning letter observations from the USFDA also resulted in lower revenues.

Other operating income. Other operating income increased by US$3.7 million, or 284.6%, to US$5.0 million in the fiscal year ended March 31, 2015 from US$1.3 million in the fiscal year ended March 31, 2014, primarily attributable to foreign exchange gains in the fiscal year ended March 31, 2015 of US$2.2 million whereas for the fiscal year ended March 31, 2014, we incurred a foreign exchange loss of US$1.4 million.

Cost of goods sold. Cost of goods sold increased by US$5.2 million, or 2.0%, to US$260.1 million in the fiscal year ended March 31, 2015 from US$254.9 million in the fiscal year ended March 31, 2014, primarily attributable to our CMO operations at our Spokane facility where our voluntary shut down of the plant as a remedial action pursuant to observations cited in a warning letter received from the USFDA which led to unabsorbed overheads and certain batches being discarded, as well as an increase in sales volumes in our solid dosage formulations business during the fiscal year ended March 31, 2015, which was partially set off by a lower cost of materials consumed in our CMO operations in Montreal in line with a decrease in sales due to a loss of customers.

Selling, general and administrative expenses. Selling, general and administrative expenses increased by US$9.9 million, or 15.4%, to US$74.0 million in the fiscal year ended March 31, 2015 from US$64.1 million in the fiscal year ended March 31, 2014, primarily attributable to an increase in expenses in our CMO operations at our Spokane facility, mainly relating to legal and consultancy expenses, as we engaged a consultant during the fiscal year ended March 31, 2015 as a remedial measure for the warning letter observations from the USFDA as well as due to certain old receivables written off during this period.

Research and development expenses. Research and development expenses decreased by US$2.0 million, or 7.5%, to US$24.8 million in the fiscal year ended March 31, 2015 from US$26.8 million in the fiscal year ended March 31, 2014, primarily attributable to a decrease in research and development expenses in relation to the solid dosage formulations business due to the lower profitability of that business line during the fiscal year.

Depreciation and amortization expenses. Depreciation and amortization expenses increased by US$0.5 million, or 2.0%, to US$26.1 million in the fiscal year ended March 31, 2015 from US$25.6 million in the fiscal year ended March 31, 2014, primarily attributable to an increase in capital expenditures on plant and machinery in the solid dosage formulations business.

Other expenses. Other expenses increased by US$13.6 million, or 84.0%, to US$29.8 million in the fiscal year ended March 31, 2015 from US$16.2 million in the fiscal year ended March 31, 2014, primarily attributable to an increase in finance costs after the Company concluded the restructuring of the pharmaceuticals business in July, 2014 whereby the Company bought certain Indian pharmaceutical businesses (API and solid dosage formulations), as well as investments in the United States and Europe held by the Parent, financed by the IFC loans in the amount of US$147.5 million and other loans.

Income before income taxes. As a result of the above, income before income tax decreased significantly to US$5.4 million in the fiscal year ended March 31, 2015 from US$29.7 million in the fiscal year ended March 31, 2014.

Income tax expense. The Group had an income tax credit of US$5.6 million for the fiscal year ended March 31, 2015, as compared to an income tax expense of US$7.1 million in the fiscal year ended March 31, 2014, primarily due to the recognition of a deferred tax asset of Jubilant Generics on the basis of reasonable certainty for future taxable income.

Net Income. As a result of the above, net income decreased significantly to US$11.0 million in the fiscal year ended March 31, 2015 from US$22.6 million in the fiscal year ended March 31, 2014.

Net income attributable to non-controlling interest. Net income attributable to non-controlling interest decreased by 43.4% to US$3.0 million in the fiscal year ended March 31, 2015 from US$5.3 million in the fiscal year ended March 31, 2014 as the Company bought out the 17.6% minority stake in Cadista Holdings Inc. in the third quarter of the fiscal year ended March 31, 2015, as well as due to lower profits generated by Jubilant Cadista during the same period.

Net income attributable to the Company. As a result of the above, net income attributable to the Company decreased significantly to US$8.0 million in the fiscal year ended March 31, 2015 from US$17.3 million in the fiscal year ended March 31, 2014.

Liquidity and Capital Resources

Our cash requirements primarily relate to our operating cash requirements, capital expenditures, debt service and repayments and dividend payments. Our operating cash requirements are primarily to fund raw material costs, manufacturing costs, including research and development expenses, personnel and other selling, general and administrative costs, as well as income tax payments.

Our primary sources of funding are cash from operating activities and issuances of equity. Bank loans have also been important sources of funding for our business. Our total outstanding indebtedness (comprising short-term borrowings and long-term borrowings without netting off debt initiation cost) amounted to US$126.9 million, US$381.4 million, US$402.0 million and US$368.6 million as at March 31, 2014, 2015 and 2016 and as at June 30, 2016, respectively.

The availability of funding from external sources and the cost of such funding is subject to a number of factors that are beyond our control, including general economic and capital market conditions, interest rates, availability of credit from banks and other lenders, lender and/or investor confidence in the Group, tax and securities laws that may be applicable to us, and political and economic conditions in the markets in which we operate and internationally.

We may from time to time incur additional bank loans to finance our future capital expenditures. Our ability to obtain such borrowings will be affected primarily by limitations on incurring additional indebtedness under our existing loan agreements and the Notes, the liquidity of the financial markets and governmental policies in effect in the relevant jurisdiction at the time and other factors. See "*Risk Factors—Risks Associated with Our Business—We have incurred significant indebtedness, and we must service this debt and comply with our covenants to avoid refinancing risk*". However, we expect our cash flows from operations, together with our cash and cash equivalents, will be sufficient to fund our planned capital expenditures and to fund our current anticipated working capital needs for the next 12 months.

The Company does not have any formal dividend policy. The Company's dividend policy is aimed at enabling shareholders to progressively share in the operating performance of the Company. The declaration and payment of dividend is recommended by our Board and approved by our shareholders, at their discretion, and depends on a number of factors, including but not limited to our profits, revenues, cash flows, capital requirements and overall financial condition, as well as restrictions imposed by our indebtedness.

Cash Flows

The following table sets forth our consolidated cash flow statement.

	Year Ended March 31			Three Months Ended June 30	
	2014	2015	2016	2015	2016
	(US$ thousands)				
Net cash provided by operating activities before working capital changes	48,199	35,906	76,845	22,055	24,547
Working capital changes	(25,771)	21,034	(1,770)	(3,809)	(3,404)
Net cash provided by operating activities	22,428	56,940	75,075	18,246	21,143
Net cash used in investing activities	(36,740)	(269,762)	(86,405)	(6,522)	(900)
Net cash provided by/(used in) financing activities	29,310	216,040	12,458	(8,365)	(28,619)
Cash and cash equivalents at the close of the period	25,357	26,335	27,475	30,094	19,091

Three Months Ended June 30, 2016

In the three months ended June 30, 2016, our net cash inflow from operating activities US$21.1 million which included cash outflow of US$3.4 million on account of changes in working capital which was primarily on account of a decrease in other assets of US$17.5 million primarily due to tax refund in, Jubilant Pharma Holding Inc, a decrease in trade and other receivable of US$5.7 million, mainly in JHS, which was set off by a decrease in other liabilities of US$19.9 million, primarily due to payment of taxes in Jubilant Draximage which were accrued in the fiscal year ended March 31, 2016, and a decrease in inventories primarily in respect of Jubilant Generics.

In the three months ended June 30, 2016, our net cash outflow from investing activities of US$0.9 million was primarily due to the purchase of property, plant and equipment, primarily at JHS and our Roorkee facility, set off by money received in respect of the sale of an investment which was effected in the fourth quarter of the fiscal year ended March 31, 2016.

In the three months ended June 30, 2016, our net cash outflow from financing activities of US$28.7 million was primarily due to the repayment of long term debt of US$13.8 million which was partially offset by short-term borrowings of US$17.8 million primarily in Jubilant Generics, Jubilant Cadista and JHS.

Three Months Ended June 30, 2015

In the three months ended June 30, 2015, our net cash inflow from operating activities of US$18.2 million which included cash outflow of US$3.8 million on account of changes in working capital which was primarily an account of an increase in trade and other receivables of US$5.2 million, mainly by Jubilant Cadista, which was set off by a decrease in inventories of US$1.9 million in the APIs business line and an increase in trade payables of US$1.7 million, mainly in respect of Jubilant Cadista.

In the three months ended June 30, 2015, our net cash outflow from investing activities of US$6.5 million was primarily due to the purchase of property, plant and equipment, primarily at Jubilant Cadista and our Roorkee facility.

In the three months ended June 30, 2015, our net cash outflow from financing activities of US$8.4 million was primarily due to the repayment of long term debt and short term debt of US$11.1 million, which was partially offset by short-term borrowings of US$2.7 million by Jubilant Generics and Jubilant Draximage.

Fiscal Year Ended March 31, 2016

In the fiscal year ended March 31, 2016, our net cash inflow from operating activities of US$75.1 million which included cash outflow of US$1.8 million on account of changes in working capital which was primarily on account of an increase in trade and other receivables of US$15.6 million, mainly in the APIs and solid dosage formulations businesses, and an increase in other assets of US$9.5 million, mainly in respect of the APIs and solid dosage formulations businesses, primarily due to amounts recoverable from Government authorities and advance taxes. This was partially offset by a US$22.2 million increase in other liabilities, mainly at Jubilant Draximage and Jubilant Generics on account of income tax payable and accrued employee costs.

In the fiscal year ended March 31, 2016, our net cash outflow from investing activities of US$86.4 million was primarily due to a US$63.7 million outflow to pay the outstanding amount to the Parent

in relation to the business transfer agreement entered into in June 2014 in respect of the Indian API and solid dosage formulations plants. Furthermore, there was cash outflow of US$23.4 million for the purchase of property, plant and equipment, primarily at Jubilant Cadista, Jubilant Generics and in our CMO business.

In the fiscal year ended March 31, 2016, our net cash inflow from financing activities of US$12.5 million was primarily due to the US$51.2 million proceeds of an additional loan taken by Jubilant Draximage to pay the final amount payable to the Parent in relation to the purchase of business and investments effected in the fiscal year ended March 31, 2015 and the US$16.2 million proceeds from short term borrowings by Jubilant Generics in line with an increase in sales. This was partially set off by the repayment of long term debt of US$37.4 million to Bank of America by JHS LLC and other repayments of short term loans to the Parent of US$13.3 million which had been taken in previous years.

Fiscal Year Ended March 31, 2015

In the fiscal year ended March 31, 2015, our net cash inflow from operating activities of US$56.9 million, which included cash inflow of US$21.0 million on account of changes in working capital which was primarily on account of an increase in trade and other receivables of US$9.9 million mainly at Jubilant Cadista, and an increase in other assets of US$9.4 million, mainly in respect of advance taxes. This was partially offset by US$4.6 million increase in trade accounts payable, mainly by Jubilant Generics and JHS and a US$4.3 million decrease in inventories in our CMO operations in line with decreased business and increase in other liabilities by US$31.4 million, mainly in Jubilant Generics.

In the fiscal year ended March 31, 2015, our net cash outflow from investing activities of US$269.8 million was primarily due to a US$151.35 million and a US$67.72 million cash outflows for the part payment of the purchase of the APIs and solid dosage formulations businesses in India from the Parent and the full payment of the purchase price of shares in our U.S. and Belgium subsidiaries from the Parent. Furthermore there was a cash outflow of US$29.8 million for the purchase of property, plant and equipment, primarily by Jubilant Cadista of US$12.3 million, and an expansion project of Jubilant Generics, and in our CMO operations for the corrective actions taken during the year in respect of the warning letters received from the USFDA. Further, there was a payment of US$21.1 million to the Parent in relation to the settlement of payables through additional paid in capital.

In the fiscal year ended March 31, 2015, our net cash inflow from financing activities of US$216.0 million was primarily due to the US$217.8 million proceeds from taking additional long term loans, mainly from IFC in the amount of US$147.5 million and from various banks of US$70.3 million by Jubilant Generics in relation to acquisition of the Indian APIs and solid dosage formulations businesses from Jubilant Life Sciences Limited and for the purchase of shares in our U.S. and Belgium subsidiaries, which was further increased by long term borrowing taken by Jubilant Cadista of US$35 million from ICICI to acquire the non-controlling stake in Cadista Holding Inc.. Furthermore, there was the repayment of a short-term loan to the Parent of US$23.7 million and the proceeds of short-term borrowings of US$13.0 million. There was also an inflow due to change in working capital by Jubilant Generics of US$23.0 million as set off by a decrease in the principal of the loan owed by JHS Inc of US$7.1 million.

Fiscal Year Ended March 31, 2014

In the fiscal year ended March 31, 2014, our net cash inflow from operating activities amounted to US$22.4 million, which included cash outflow of US$25.8 million on account of changes in working

capital which was primarily on account of a decrease in trade accounts payable of US$21.2 million, mainly by Jubilant Generics, and an increase in inventories by US$13.6 million, mainly in Jubilant Generics, Jubilant Cadista and CMO business. Further, there is an increase in trade and other receivables of US$4.2 million, mainly in Jubilant Generics. This was partially set off by a decrease in other assets and other liabilities by US$13.2 million mainly in Jubilant Generics.

In the fiscal year ended March 31, 2014, our net cash outflow from investing activities of US$36.7 million was primarily for the purchase of property, plant and equipment of US$19.5 million, mainly in the solid dosage formulations and radiopharmaceuticals businesses. Further, there was a payment of US$19.4 million to the Parent in relation to the settlement of payables through additional paid in capital. This cash outflow was partially offset by an inflow of loan received back from a related party of US$2.2 million.

In the fiscal year ended March 31, 2014, our net cash inflow from financing activities of US$29.3 million was primarily due to the US$10.8 million proceeds from short-term borrowing by Jubilant Generics, the US$13.5 million short-term loan taken from the Parent and the issue of fresh equity to the Parent of US$4.2 million.

Indebtedness

Our total outstanding indebtedness (comprising short-term borrowings, long-term borrowings and current maturities of long-term borrowings) (without netting of debt initiation costs) was US$126.9 million in the fiscal year ended March 31, 2014, US$381.4 million in the fiscal year ended March 31, 2015, US$402.0 million in the fiscal year ended March 31, 2016, and US$368.6 million in the three months ended June 30, 2016. For more information on our loans, see elsewhere in this Offering Memorandum and "*Description of Other Material Indebtedness*".

The following table summarizes the scheduled repayments of our consolidated debt and lease obligations, including contractual interest payments, as at June 30, 2016.

	As at June 30, 2016					
	Total	July 1, 2016 to March 31, 2017	April 1, 2017 to March 31, 2018	April 1, 2018 to March 31, 2019	April 1, 2019 to March 31, 2020	April 1, 2020 and beyond
	(US$ thousands)					
Long-term debt (including current portion)[(1)(2)]	341,200	21,416	79,620	58,920	48,838	72,406
Short-term borrowings	27,303	27,303	—	—	—	—
Lease obligations	123	32	37	24	18	12
Total[(3)]	**368,627**	**48,751**	**79,657**	**58,944**	**48,856**	**72,418**

(1) The above repayment schedule does not include the unsecured term loan amounting to US$60,000,000 from the International Finance Corporation ("IFC"), due for repayment on 15 June 2020 (50%) and 15 June 2021 (50%) along with the repayment premium in accordance with the terms of the contract, if on or prior to such repayment date there has been (a) neither a Private Equity (PE) Investment nor a Qualifying IPO, or (b) there has been a PE Investment but IFC has not converted the entire loan into shares. See "*Description of other Material Indebtedness*".

(2) Without netting of debt initiation costs

(3) Out of our total indebtedness of US$368.6 million, US$293.8 million was secured, and the remaining US$74.8 million was unsecured.

Our long-term borrowings described above include certain financial covenants including debt service coverage ratio, interest coverage ratio on consolidated basis at the Company's level and at the subsidiaries' level, and certain covenants relating to the senior funded debt to EBITDA ratio. We must service this debt and comply with our covenants to avoid refinancing risk. See "*Risk Factors—Risks Associated with Our Business—We have incurred significant indebtedness, and we must service this debt and comply with our covenants to avoid refinancing risk*".

In addition, a number of our long-term borrowings are secured by assets and property of the individual borrowers, including land, buildings and movable fixed assets. See "*Description of Other Material Indebtedness*" for further details. See "*Risk Factors—Risks Related to the Notes*".

Capital Expenditures

The following table sets forth the Company's capital expenditure, for the periods indicated.

	Fiscal Year Ended March 31			Three Months Ended June 30	
	2014	2015	2016	2015	2016
	(US$ thousands)				
Total	**19,564**	**29,800**	**23,418**	**6,532**	**3,686**

We expect an increase in capital expenditure in the fiscal years ended March 31, 2017 and 2018, in view of the planned capacity expansion in the API plant and Dosage plant. We anticipate that our capital expenditures in the fiscal year ended March 31, 2017 and 2018 will be entirely financed by cash from operations in line with our financial policy targets.

We cannot assure you that our capital expenditure budget will not vary or can be financed on commercial acceptable terms, or at all. Our ability to obtain adequate financing, including new facilities, to satisfy our capital expenditures, contractual obligations and debt service requirements may be limited by our financial condition and results of operation and liquidity of domestic and international financial markets.

Further, we cannot assure you that we will be able to obtain such financing on terms acceptable to us, or at all. See "*Risk Factors—Risks Associated with Our Business—We require substantial capital investment in conducting our business and inability to obtain adequate financing to meet our liquidity and capital resource requirements may have an adverse effect on our business, results of operations, cash flows and financial condition*" and "*—We have incurred significant indebtedness, and we must service this debt and comply with our covenants to avoid refinancing risk*".

Contractual Obligations

The following table sets forth the Company's contractual obligations as at June 30, 2016.

	Payment Due by Period				
	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years	Total
	(US$ thousands)				
Long-term borrowings[(1)(2)]	37,165	142,710	87,991	13,334	281,200
Finance lease obligations	42	56	25	—	123
Operating lease obligations	871	1,188	793	636	3,488
Capital commitments	10,506	—	—	—	10,506
Other contractual obligations[(3)]	16,872	—	—	—	16,872
Total	**65,456**	**143,954**	**88,809**	**13,970**	**312,189**

(1) The above repayment schedule does not include the unsecured term loan amounting to US$60,000,000 from the International Finance Corporation ("IFC"), due for repayment on 15 June 2020 (50%) and 15 June 2021 (50%) along with the repayment premium in accordance with the terms of the contract, if on or prior to such repayment date there has been (a) neither a Private Equity (PE) Investment nor a Qualifying IPO, or (b) There has been a PE Investment but IFC has not converted the entire loan into shares. See "*Description of other Material Indebtedness*".

(2) Without netting of debt initiation costs.

(3) Other contractual obligations include export/import obligations under the export promotion capital goods scheme, advance license scheme and duty free import authorization scheme on specific raw materials.

Contingent Liabilities and Off-Balance Sheet Transactions

Capital Commitments

As at March 31, 2014, 2015 and 2016 and June 30, 2016 the Group had committed to spend US$4.9 million, US$8.0 million, US$8.5 million and US$10.5 million, respectively under agreements to purchase property, plant and equipment and computers, respectively. This amount is net of capital advances paid in respect of these purchases.

Other commitments

Exports obligations undertaken by the Group under the Export Promotion Capital Goods scheme of India to be completed over a period of six years on account of import of capital goods with no import duty and remaining outstanding amounted to nil, US$1.2 million, US$1.3 million and US$1.3 million as at March 31, 2014, 2015, 2016 and as at June 30, 2016, respectively. Similarly, export obligations under the Advance License scheme of India on duty free import of specific raw materials, amounted to US$46.3 million, US$19.2 million, US$15.4 million and US$15.6 million as at March 31, 2014, 2015, 2016 and as at June 30, 2016, respectively. These export commitments had been made by one of the Company's subsidiaries on account of the duty free import of raw materials, for the purposes of export production as allowed under the Advance Licence. Any failure to export such value would lead to payment of duty on the raw material imported earlier duty free under the scheme.

Contingencies

The Group, as a result of its nature of business, is subject to penalties by customers on account of various reasons such as results of products and services levels.

The Group may become subject to various product liabilities, consumer, commercial, environmental and tax litigations and claims, government investigations and other legal proceedings that may arise in future.

The Group accrues for contingencies to the extent that the management concludes their occurrence is probable and the related liabilities are estimable.

The aggregate amount of claims not acknowledged as debt as at March 31, 2014, 2015 and 2016 and as at June 30, 2016 was US$3.6 million, US$4.0 million, US$4.8 million and US$4.7 million, respectively.

Outstanding guarantees furnished by banks on behalf of the Group as at March 31, 2014, 2015 and 2016 and as at June 30, 2016 were US$17 thousand, US$22 thousand, US$20.5 thousand and US$16 thousand, respectively.

A customer has filed a claim against a subsidiary of the Group located in Belgium alleging contravention of certain provisions of a licensing and supply agreement between the parties and claiming damages amounting to US$2.9 million, US$2.2 million, US$2.4 million and US$2.3 million (excluding interest) as at March 31, 2014, 2015, 2016, and June 30 2016, respectively. The Group has also filed a counter claim against this customer for damages amounting to US$3.3 million, US$2.6 million, US$2.7 million and US$2.7 million as at March 31, 2014, 2015, 2016 and June 30 2016, respectively in the same dispute. The case is under arbitration.

Furthermore, during the fiscal year ended March 31, 2014, the Group had received warning letters from the USFDA in respect of its CMO facility located in Spokane, Washington, United States. The letters were related to process implementation/improvements plans noticed by the USFDA. During the year ended March 31, 2016, the Group was informed by the USFDA that the above facility had been upgraded to the status of Voluntary Action Indicated (VAI). The Spokane site's latest Establishment Inspection Report (EIR) indicates the inspections have been successfully concluded.

Market Risks

Foreign Currency Exchange Rate Risk

We manufacture and sell products to customers around the world in multiple foreign currencies and face translation and transaction risks related to the fluctuation of foreign currency exchange rates in the markets where we are active. A significant portion of our costs are denominated in currencies other than the U.S. dollar, due to our international operations. These costs are affected by prevailing rates of exchange. A significant portion of our indebtedness (amounting to approximately 30.2% of our total indebtedness as at June 30, 2016) is also denominated in currencies other than the U.S. dollar, the value of which is affected by prevailing rates of exchange.

Our assets and liabilities and our results of operations are subject to translation risk and transaction risk. Translation risk is the risk that our results of operations for a particular period or our assets and liabilities at a particular date are affected by changes in the applicable currency exchange rates. Transaction risk arises when the currency structure of our costs and liabilities deviates from the currency structure of our sales proceeds and assets.

Due to our Indian and Canadian operations, any significant movement in the value of the Indian rupee or the Canadian dollar against the U.S. dollar could have a material effect on our business, financial condition, results of operations and prospects.

We have in the past utilized certain hedging instruments, including forward contracts with respect to our exports and imports from and into India (although currently due to market uncertainties, the Company has decided not to enter into any forward contracts for the time being). As at March 31, 2014, 2015 and 2016 and June 30, 2016, we had outstanding U.S. dollar-Indian rupee forward contracts of US$82.1 million, US$29.0 million, nil and nil, respectively, against exports from India. However, such hedging instruments to the extent that they are entered into do not cover all of our exposure, and, even to the extent they do, they may only delay, or may otherwise be unable to completely eliminate, the impact of fluctuations in foreign currency exchange rates. Currently, we have not hedged our debt, and accordingly, we are exposed to the impact of fluctuations in foreign currency exchange rates.

We enter, from time to time, into such hedging instruments for the purpose of managing the risks on our receivables/payables, managing our assets or liabilities or in connection with a line of business. We do not enter into such hedging instruments for any purpose not permitted by any applicable law.

Interest Rate Risk

Changes in interest rates affect our interest expenses on floating rate debt instruments, loans and our interest income from cash and cash equivalents. As at June 30, 2016, 94.1% of our total indebtedness was subject to floating interest rates. We have in the past entered into floating to fixed interest rate swap agreements (although currently, due to market uncertainties, the Company has decided not to enter into any fixed interest rate swap agreement for the time being), and as at March 31, 2014, 2015 and 2016 and June 30, 2016, we had outstanding interest rate swap agreements in the amounts of US$17.1 million, US$16.2 million, nil and nil, respectively.

As at March 31 2016 and June 30, 2016, 99.1% and 94.1% of our total indebtedness bore interest at floating rates, respectively. In the event the base that is used in arriving at the floating rates applicable to our indebtedness increases by 10%, as at March 31, 2016 and June 30, 2016, then the Company calculates that the interest rate applicable to our floating rate indebtedness would increase by about 0.2% and 0.5% per annum, respectively. Such increase in floating rates would affect our interest expenses and as a result, affect our profits.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (the "**FASB**") issued amended accounting guidance on revenue recognition that will be applied to all contracts with customers. The objective of the new guidance is to improve comparability of revenue recognition practices across entities and to provide more useful information to users of financial statements through improved disclosure requirements. In August 2015, the FASB approved a one-year deferral of the effective date making this guidance effective for interim and annual periods beginning in 2018. Reporting entities may choose to adopt the standard as of the original effective date. The Group is currently assessing the impact of adoption on its consolidated financial statements.

In January 2016, the FASB issued ASU No. 2016-01, "Financial Instruments—Overall: Recognition and Measurement of Financial Assets and Financial Liabilities," which primarily affects accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, the ASU clarifies guidance related to

the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. The ASU will be effective for us beginning January 1, 2018, including interim periods in our fiscal year 2018. Early adoption is permitted. The Group is in the process of determining the method of adoption and assessing the impact of this ASU on our consolidated results of operations, cash flows, financial position and disclosures.

In February 2016, the FASB issued ASU No. 2016-02, "Leases." The core principle of the ASU is that a lessee should recognize the assets and liabilities that arise from its leases other than those that meet the definition of a short-term lease. The ASU requires extensive qualitative and quantitative disclosures, including with respect to significant judgments made by management. The ASU will be effective for us beginning January 1, 2019, including interim periods in our fiscal year 2019. Early adoption is permitted. The Group is in the process of determining the method of adoption and assessing the impact of this ASU on our consolidated results of operations, cash flows, financial position and disclosures.

The FASB issued ASU 2016-13 "Financial Instruments-credit losses": It significantly changes how companies measure and recognize credit impairment for many financial assets. The new current expected credit loss model will require companies to immediately recognize an estimate of credit losses expected to occur over the remaining life of the financial assets that are in the scope of the standard. The ASU also makes targeted amendments to the current impairment model for available-for-sale debt securities. The ASU will be effective for us beginning January 1, 2021, including interim periods in our fiscal year 2021. Early adoption is permitted. The Group is in the process of determining the method of adoption and assessing the impact of this ASU on our consolidated results of operations, cash flows, financial position and disclosures.

Non-GAAP Financial Measures

We use EBITDA to provide additional information about our operating performance. We define EBITDA as profit before minority interest, extraordinary items (net of tax expenses), tax expense, exceptional items, finance cost and depreciation and amortization. EBITDA and EBITDA Margin are not standard measures, nor measures of financial performance or liquidity, under U.S. GAAP, and should not be considered alternatives to net profit (loss), profit (loss) before finance costs and income tax or any other performance measure derived in accordance with U.S. GAAP or as an alternative to cash flow from operating activities. EBITDA and EBITDA Margin are supplemental measures of the Group's performance that are not required by, or presented in accordance with, U.S. GAAP.

As a measure of operating performance, we believe that the most directly comparable measure to EBITDA is net profit. We use EBITDA in addition to net profit because net profit includes many accounting items associated with capital expenditures, such as depreciation, as well as certain other non-operating transactions, such as interest income and interest expenses and income tax expenses. These accounting items may vary between companies depending on the method of accounting adopted by each company. By minimizing differences in capital expenditures and the associated depreciation expenses as well as reported tax positions, goodwill amortization and interest income and expenses, EBITDA provides further information about our operating performance and an additional measure for comparing our operating performance with other companies' results. Funds depicted by EBITDA may not be available for debt service due to covenant restrictions, capital expenditure requirements and other commitments.

The following table reconciles our net profit under U.S. GAAP to our definition of EBITDA and EBITDA Margin for the periods indicated:

	As at March 31			As at June 30	
	2014	2015	2016	2015	2016
	(US$ thousands)				
Net income / (loss)	22,591	11,039	49,078	14,980	15,950
Add:					
Finance costs (Net)[2]	13,192	31,248	27,042	5,479	6,563
Tax expenses	7,142	(5,602)	17,534	2,433	3,831
Depreciation and amortization expenses	25,554	26,062	24,128	6,225	5,909
EBITDA	68,478	62,747	117,782	29,116	32,252
Revenues from operation (net)	416,646	415,164	434,426	109,592	111,332
EBITDA Margin[1]	16.4%	15.1%	27.1%	26.6%	29.0%

(1) EBITDA Margin is defined as EBITDA for the period divided by total revenues for that period.

(2) Including expenses on stock settled debt instrument.

EBITDA increased to US$32.3 million for the three months ended June 30, 2016, compared to US$29.1 million for the three months ended June 30, 2015 and EBITDA margin was 29.0% for the three months ended June 30, 2016, compared to 26.6% in the three months ended June 30, 2015, primarily due to an increase in the CMO operations of the specialty pharmaceuticals (sterile products) business line as offset by a decrease in the generics business line due to price erosion caused by supply chain consolidation in the United States market.

EBITDA increased to US$117.8 million in the fiscal year ended March 31, 2016, compared to US$62.7 million in the fiscal year ended March 31, 2015 and EBITDA margin was 27.1% for the fiscal year ended March 31, 2016, compared to 15.1% for the fiscal year ended March 31, 2015. EBITDA growth for the fiscal year ended March 31, 2016 was primarily caused by an increase in EBITDA in the specialty pharmaceuticals (sterile products) business line, as partially offset by the decrease in EBITDA in the generics business line due to supply chain consolidation in the United States market.

EBITDA decreased to US$ 62.7 million in the fiscal year ended March 31, 2015, from US$68.5 million in the fiscal year ended March 31, 2014 and EBITDA margin was 15.1% during the fiscal year ended March 31, 2015 compared to 16.4% for the fiscal year ended March 31, 2014. The EBITDA decrease during the fiscal year ended March 31, 2015 was mainly due to a decrease in EBIDTA in the generics business line, as a result of supply chain consolidation in the United States market, as well as due to a decrease in EBITDA in the specialty pharmaceuticals (sterile products) business line, contributed to by the voluntary shutdown of our Spokane facilities for conducting remedial actions to address the observations cited in the warning letter received from the USFDA, as offset by an increase in prices of MAA and DTPA during the same period.

You should not consider EBITDA or EBITDA Margin in isolation or construe it as an alternative to net profit, or as an indicator of operating performance or any other standard measure under U.S. GAAP. EBITDA and EBITDA Margin measures used in this Offering Memorandum may not be comparable to similarly titled measures used by other companies.

The definition of EBITDA as used and presented in "*Description of the Notes*" is different from the definition of EBITDA used elsewhere in this Offering Memorandum.

INDUSTRY OVERVIEW

The Global Pharmaceuticals Industry

Overview

The global pharmaceutical industry includes the discovery, development, manufacturing and distribution of drugs. The global pharmaceuticals market is estimated to be above US$1.0 trillion in 2015. It is characterized by robust growth, significant investment in research and development, and the increasing use of generic drugs led by an effort to contain healthcare costs. Some of the drivers of this growth include a continuing need for medication for the treatment, demographic shifts that strengthen this underlying demand and by improved healthcare infrastructure that provide people with greater access to medication. The increased focus by governments on healthcare infrastructure spending will also aid global pharmaceuticals industry growth.

The global pharmaceuticals market can be classified into two broad categories: regulated and unregulated/ semi-regulated. The regulated markets are primarily governed by stringent government regulations such as Intellectual Property (IP) protection, including product patent recognition. As a result, regulated markets such as the US have greater stability for both volumes and prices while a drug is under patent protection. On the other hand, unregulated/semi-regulated markets have lower entry barriers in terms of regulatory requirements; hence tend to be highly competitive, with industry players primarily competing on the basis of price.

Patented Products vs. Generic Products

Patented Products / Innovator Segment

Pharmaceutical companies which hold patents for their products are given the right to exclude others from using their invented products for any commercial purpose. Pharmaceutical patent holders are allowed a certain exclusive marketing period mainly to earn the corresponding revenue on a product to recover the time and resources they spent in inventing such product. However, despite the exclusivity the patent affords, pharmaceutical companies may nonetheless grant licenses to third parties for manufacturing and/or selling the patented product in return for a fixed royalty fee or some other profit-sharing arrangement. A patent may be granted for any product, process or idea that is inventive, new and has a commercial purpose.

Generic Products / Generic Segment

"Generic" pharmaceutical products are pharmaceutical products that are not protected by patents. These are drugs marketed by different companies but containing the same active ingredients. The costs for generics manufacturers to develop their products and obtain regulatory approval to market and sell such products are considerably lower than for patented drug manufacturers. As a result, such companies can offer the same product at a greatly reduced price. In terms of the entire pharmaceutical market, the introduction of generic products offer consumers a choice between patented or branded products and their generic counterparts, resulting in greater competition and generally lower prices for drugs in the market. Largely due to the increase in generic drug products, when a drug goes off-patent, its price typically falls. For example, generics of "blockbuster" drugs (generally drugs having sales of more than US$1.0 billion) are susceptible to significant competition as a number of players seek

to enter the market within a short period of time. On the other hand, in the case of products for "niche" sectors which have a lesser degree of scope in terms of customers, prices may not erode as substantially due to lower competition, as products for niche pharmaceutical segments are typically more complex and difficult to manufacture.

Global Generics Market

Growth drivers for Generics:

- European Union, North America, Japan: the Generic pharma market in these regions is expected to grow on the back of generics launch at patent expiry, expected increase in healthcare spending and maturity of currently underpenetrated markets

- Emerging Markets: the Generic pharma market in these regions is expected to increase due to increased access to treatment and an increase in Generics penetration given easier availability of generic drugs.

There are several reasons why Generics are preferred in emerging markets:

- Larger populations & limited resources, affordability is a substantial challenge for both governments and patients and the cheapest options are typically generics

- Weaker IP protection in some countries expands the playing field for generics companies

- Government policies and behaviours often favour local manufacturers, which are generally manufacturers of generic products rather than originals

The emerging markets are classified in three groups:

- The BRICMT group: Comprises Brazil, Russia, India, China, Mexico, and Turkey. These countries are developing into markets that are comparable in size and nature to their mature Western counterparts.

- The "second-tier" emerging markets are a diverse group of more mature economies in Eastern Europe and the CIS (Commonwealth of Independent States, formed from the former Soviet bloc), as well as more dynamic "threshold" countries such as those in Southeast Asia.

- The "third group" is made up of African markets.

Strengths of Generics

- Generic drugs are significantly cheaper than branded formulations

- Generic drugs do not have to go through a preclinical and clinical trial process, and only have to prove their bioequivalence to a branded drug. Consequently, generic drug development has a shorter approval time as compared to a New Chemical Entity ("**NCE**") drug.

Weakness of Generics

- Generic products experience an annual price erosion as additional competitors come in at lower price points

Opportunities of Generics

- The rising healthcare expenditure is prompting governments to look for ways to bring down healthcare costs. One of the preferred measures is to encourage the use of generics

- As many branded drugs are set to go off patent in the US market in the coming few years, resulting in an opportunity for generic formulations

Threats to Generics

- Warning letters or import alerts by the USFDA could impact business

- Use of patent extensions will reduce generic launches

US Pharmaceuticals Generics Market

According to CRISIL (CRISIL Research, Pharmaceuticals, June 2016), the US is the largest pharmaceuticals market globally, both for innovator brands and generic drugs. The Hatch-Waxman Act was introduced in 1984 to govern approval and marketing procedures of generic drugs in the US. The Act made ANDAs possible by striking a compromise in the drug industry. As a result, generic drug companies gained greater access to the market for prescription drugs and innovator companies gained restoration of patent life of their products lost during USFDA's approval process. The US Generics Pharmaceuticals market has shown strong growth in the last decade and was estimated at US$80 billion in FY2016.

According to CRISIL (CRISIL Research, Pharmaceuticals, June 2016), over the next five years, the generic formulations market is forecasted to record 8% to 10% CAGR, reaching an estimated US$118 to 129 billion by 2020-21, driven by greater dependence on generic medicines and the recent enactment of the Patient Protection and Affordable Care Act.

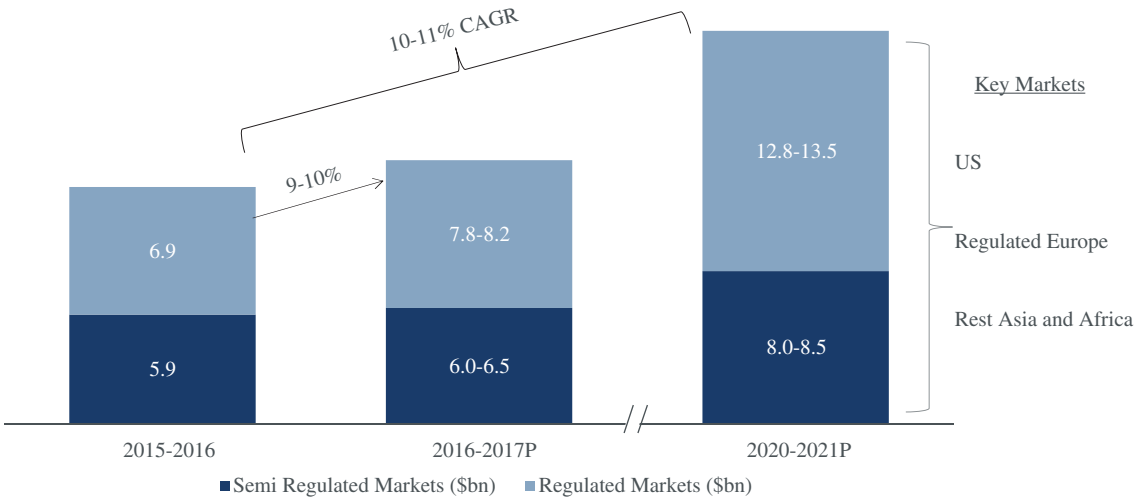
According to CRISIL (CRISIL Research, Pharmaceuticals, June 2016), Indian players could benefit from an annual opportunity of $18 to 20 billion, over the next five years, arising from drug patent expiry over 2015 to 2020. Patent expiry and subsequent launch of generic versions helps boost both revenue and profitability of Indian players.

According to CRISIL (CRISIL Research, Pharmaceuticals, June 2016), India ranks second, in the number of ANDA approvals, and hence is better placed than most exporting countries to address the growing generic drugs market in the US. Over the last few years, many Indian companies have set up operations in the US and invested in USFDA-approved facilities to capitalise on the generic drugs opportunity. Indian companies, which traditionally used the contract manufacturing route to access regulated markets, have simultaneously obtained ANDA approvals for a direct entry into the retail segment and are now playing a leading role in the generics market.

Formulations Export Market

The growth of the global generics market in the past decade has resulted in significant growth opportunity for the exports of formulations manufactured in India. Accordingly, formulations exports have been a key growth driver for the Indian pharmaceuticals industry.

According to CRISIL (CRISIL Research, Pharmaceuticals, June 2016), formulations exports to regulated markets was a US$6.9 billion market in FY2016 and to semi-regulated markets was a US$5.9 billion market in FY2016.The formulations exports grew at a robust CAGR of approximately 20.0% between FY2010 — FY2013, and 7.4% between FY2013 and FY2015. India's formulations exports are expected to record a CAGR of 10.0% to 11.0% over the next five years reaching nearly US$21 billion in revenue by FY2021.



Source: CRISIL Research.

According to CRISIL (CRISIL Research, Pharmaceuticals, June 2016), the US is expected to remain the key export market for Indian pharmaceutical products. The pace of approvals in FY2017 is expected to sustain the improvement seen in FY2016. With the increasing pace of product approvals, the long-term growth rate for the US market is likely to be approximately 13% to 15%.

Global APIs Industry Overview

Active Pharma Ingredients (APIs) play a crucial role in the Generic Pharmaceutical Industry. With increased pricing pressure in generic business, APIs play a critical role in portfolio designing, framing IP strategies and post commercialization product life cycle management. The global API market is estimated to be around US$100 billion with roughly 60% captive production.

The outsourced API segment is distributed amongst the Generic and Innovator segment. An innovator drug is the first drug created with a specific active ingredient. Innovator drugs have to go through a trial process and are the ones that are granted a patent. Apart from the regulated markets which are big in over-all volume consumption, emerging pharma markets like Brazil, Turkey, Korea and Mexico are fuelling API growth rate.

In terms of API supplies, Indian Chinese, Spanish & Italian manufacturers are fulfilling the global demand. However it is the Indian and Chinese companies that have emerged as partners of choice for global formulators due to lower cost, availability of skilled manpower, and high standards of innovation and quality.

Managing a portfolio of Generic APIs is very crucial for companies targeting for increased presence in regulated markets like US & EU. Generic formulators start targeting products usually 8 to 10 years before the patent expiry and due to which API development often precedes dosage development by 3 to 4 years as API has to be available in sufficient quantities to cater the development & filing requirement of generic formulators. In most of the cases US remains the main focused geography to target any product selection and development. Due to increase in number of First to File (FTF) and Paragraph IV/ early market filings done by generic formulators, IP strategies from API suppliers becomes an important criterion, which encourages early product selection & commercialization.

US Specialty Market

Specialty drugs are characterized as those prescribed by physician specialists that are typically derived by biological processes rather than through chemical synthesis. The patent estate that surrounds the production of these complex molecules is typically broad and serves to protect market exclusivity even after the base patent expires. It also makes these drugs difficult to replicate precisely.

Global and US Radio Pharma / Nuclear Medicine Market

Nuclear medicine is the branch of medicine that utilizes very small amounts of radioactive materials (radiopharmaceuticals) to diagnose and treat diseases.

Radio pharma comprises of the following uses:

- Imaging: The radiopharmaceuticals are detected by special types of cameras that work with computers to provide very precise pictures of the area of the body being imaged

- Therapy: To treat certain types of cancer and other diseases (Pheochromocytoma and Neuroblastoma)

The most common Nuclear Medicine imaging procedures include the following:

- SPECT - Single Photon Emission Computed Tomography

- PET - Positron Emission Tomography

Global and US Allergy Immunotherapy Market

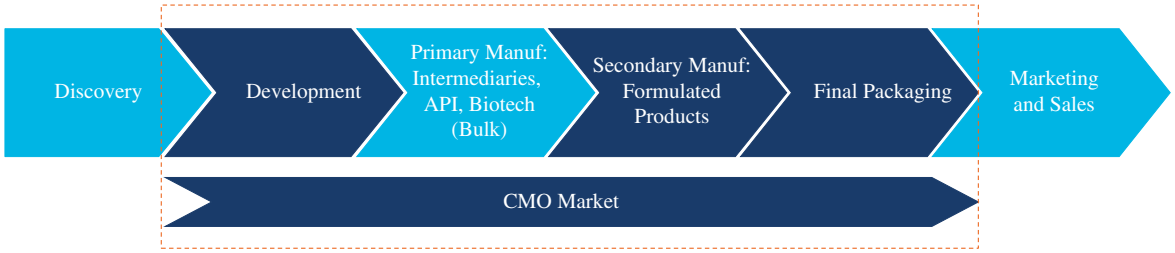
Allergy immunotherapy is a key treatment option for severe allergic rhinitis.

The Allergy Immunotherapy market is estimated to be around US$1.0 billion globally with US accounting for approximately 20% of global sales currently. It is a fairly concentrated market with 4 to 5 major players in US and Europe.

Global Contract Manufacturing Organization ("CMO") Market

The CMO universe provides specialized manufacturing services to pharmaceutical companies. The CMO market is growing as global pharmaceutical majors are looking for further cost savings, flexibility and risk sharing. According to PharmSource, the CMO market is estimated to be around US$18.5 billion globally.

Pharma Value Chain:



The CMO market has three segments:

- Injectables
- Solids
- Ointments, Creams and Liquids ("OCL")

The Injectables CMO segment is expected to be the fastest growing CMO segment with a CAGR of 8 to 10% till 2018.

Innovation-driven CMOs are distinguished by several characteristics and capabilities:

a. Business strategy based on achieving high margins by providing capabilities that support higher-priced novel products

b. A significant number of NDA/BLA approvals over the past 10 years, including both new molecular entities and new dosage forms

c. Pharmaceutics capabilities to support development and manufacture of novel drugs and formulations

d. Regulatory and QA capabilities that support dependable registration and approval of new drugs at the FDA and EMA

e. Capabilities to support clients on a global scale, especially clients in North America, Europe and Japan

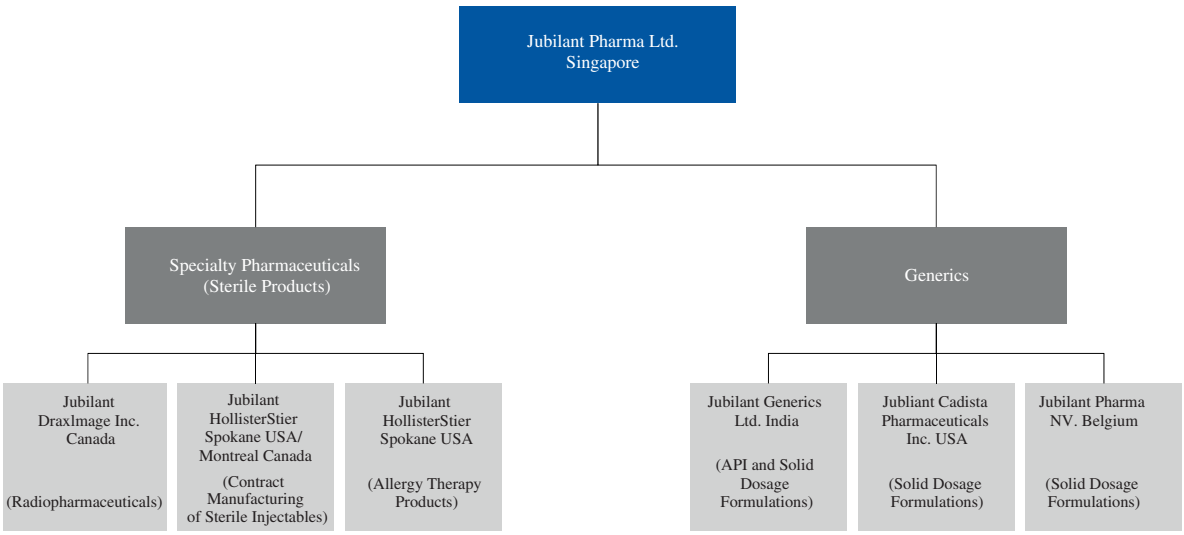
As the market moves towards more biological products, unit volumes will continue to decrease and unit pricing going up. A number of factors seem to be at play including capacity limitations, shorter run lengths and increasingly complex manufacturing requirements (high potency, solubility enhancement, lyophilization, cold chain, controlled substances).

CORPORATE STRUCTURE AND HISTORY OF OUR GROUP

Corporate Structure

The Company is a wholly-owned subsidiary of Jubilant Life Sciences Limited., which is a global integrated pharmaceutical and life sciences group, with subsidiaries across the globe.

The below chart shows the corporate structure of the Group.



Note: All are direct or indirect wholly-owned subsidiaries of the Company

The Company is a global integrated pharmaceutical group, with subsidiaries in, among other jurisdictions, the United States, Canada, Europe and India. We consolidated all of our subsidiaries in our financial statements for the fiscal year ended March 31, 2016 and the three months ended June 30, 2016. Our material subsidiaries include the directly or indirectly wholly-owned subsidiaries Jubilant HollisterStier LLC, incorporated in Delaware, United States, Jubilant HollisterStier General Partnership, formed in Canada, Jubilant DraxImage Inc., incorporated in Canada, Jubilant Cadista Pharmaceuticals, Inc., incorporated in Delaware, United States and Jubilant Generics Ltd., incorporated in India. For further information, see "*Description of the Notes*".

The respective business lines of these material subsidiaries are set out below.

Generics:

- Jubilant Cadista Pharmaceuticals, Inc. ("**Jubilant Cadista**")
- Jubilant Generics Ltd. ("**Jubilant Generics**")
- Jubilant Pharma N.V.

Specialty Pharmaceuticals (Sterile Products):

- Jubilant HollisterStier LLC ("**JHS**")
- Jubilant HollisterStier General Partnership
- Jubilant DraxImage Inc. (Canada) ("**Jubilant Draximage**")

History

The Company was incorporated on May 19, 2005 as "Jubilant Pharma Pte. Limited" under the laws of Singapore, as a company limited by shares. It was incorporated as a wholly-owned subsidiary of Jubilant Organosys Limited (now known as "Jubilant Life Sciences Limited") (the "**Parent**"), a company which is incorporated in India and has its equity shares listed on the Bombay Stock Exchange and the National Stock Exchange in India. On July 2, 2013, the Company converted into a public company and changed its name to its present name, Jubilant Pharma Limited. The Company continues to be a wholly-owned subsidiary of the Parent.

The Parent is primarily engaged directly or indirectly through its wholly-owned subsidiaries in three business segments: the pharmaceuticals business, the life sciences ingredients business and the drug discovery solutions business. While the life sciences ingredients business and the drug discovery solutions business are held through the Parent and its other subsidiaries, the pharmaceuticals business has been consolidated under the Company through a group restructuring completed in 2014.

The Company is a pharmaceuticals holding company and has subsidiaries in the United States, Canada, Europe, India and rest of the world which are engaged in providing products and services in the pharmaceuticals sector, primarily APIs, solid dosage formulations, allergy therapy products, radiopharmaceutical products and contract manufacturing of sterile injectables.

The Company's APIs business is primarily conducted through its wholly-owned Indian subsidiary, Jubilant Generics, having a USFDA approved manufacturing facility in Nanjangud, Karnataka, India. This business was acquired from the Parent in 2014 pursuant to the group restructuring. The Company also has a wholly owned subsidiary, Jubilant Pharma Trading Inc., incorporated in Delaware, United States which undertakes sales and distribution of APIs in the United States.

The Company's solid dosage formulations business is primarily conducted through (i) its indirect wholly owned subsidiary in the United States, Jubilant Cadista., and (ii) its wholly-owned subsidiary in India, Jubilant Generics. These subsidiaries have USFDA approved manufacturing plants situated in Salisbury, Maryland, United States and Roorkee, Uttarakhand, India, respectively. Jubilant Cadista is held by the Company through Jubilant Pharma Holdings Inc. and Cadista Holdings Inc., which are both holding companies and wholly-owned subsidiaries of the Company. The Company had indirectly acquired 66.61% of the equity in Cadista Holdings Inc., and its wholly-owned subsidiary Jubilant Cadista., in June 2005 which was increased over the years such that at present, Cadista Holdings Inc. is the Company's indirect wholly-owned subsidiary. The manufacturing facility at Roorkee was acquired by Jubilant Generics from the Parent in 2014 pursuant to the group restructuring.

Jubilant Generics also has a wholly-owned subsidiary, Jubilant Pharma N.V. in Belgium which is a holding company having two subsidiaries Jubilant Pharmaceuticals NV, Belgium and PSI Supply NV. The shares of Jubilant Pharma N.V. (which are partly paid) were acquired from the Parent pursuant to the group restructuring. Jubilant Pharmaceuticals NV is engaged in the business of out licensing of generic

dosage formulations products and providing regulatory services to generic pharmaceutical companies. PSI Supply NV is engaged in the supply of generic dosage forms to the European markets. The part of the life sciences ingredients business of the Parent, which was operated in Europe through Jubilant Pharmaceuticals NV, was transferred to Jubilant Life Sciences NV, in September 2013.

The business of contract manufacturing of sterile injectables and the provision and marketing of allergy therapy products is conducted by the Company through JHS, the Company's indirect wholly-owned subsidiary, which has a USFDA approved manufacturing facility at Spokane, Washington, United States. JHS is held by the Company through its indirect wholly-owned subsidiary, HSL Holdings Inc. which is a holding company which was acquired by the Company in May 2006 and provided the Company with further opportunities to expand the pharmaceuticals business and to provide and market allergy therapy products.

The business of contract manufacturing of sterile injectables is also carried out through Jubilant Hollister Stier General Partnership, which has a USFDA approved manufacturing facility at Montreal, Canada. Jubilant Hollister Stier GP, was acquired by the Company in June 2007 and is a general partnership of Jubilant Hollister Stier Inc. and Draxis Pharma LLC, both shell companies indirectly wholly owned by the Company.

The business of radiopharmaceuticals is primarily conducted through our wholly owned subsidiary Jubilant DraxImage Inc. (formerly Draxis Parma Inc.), which has a USFDA approved manufacturing facility in Montreal, Canada and through our indirect wholly-owned subsidiary in India, Jubilant DraxImage Limited, (held through a holding company, Jubilant DraxImage Inc. Cyprus). Draxis Pharma, Inc. which manufactured sterile products, non-sterile products and radiopharmaceuticals was acquired by the Company in May 2008. Pursuant to an internal restructuring, the sterile products contract manufacturing business of Draxis Pharma, Inc. was moved below Jubilant Hollister Stier Inc.. Jubilant DraxImage Limited and Jubilant DraxImage Inc., Cyprus were set by the Company to market radio-pharma products.

During the financial year 2007-2008, the Company acquired Jubilant Organosys (Shanghai) Limited (renamed as Jubilant Life Sciences (Shanghai) Limited) from the Parent. Jubilant Life Sciences (Shanghai) Limited is presently our wholly-owned subsidiary, however, the subsidiary operates in the life science ingredients business, which is the business of the Parent after the group restructuring, and therefore, it is proposed that this company is transferred from the Company to the Parent.

BUSINESS

Overview

We are a global integrated pharmaceuticals group offering a wide range of products and services to global pharmaceutical customers. We are a wholly-owned subsidiary of Jubilant Life Sciences Limited (the "Parent"). We are engaged in the development, manufacture and supply of APIs, solid dosage formulations, radiopharmaceuticals, and allergy therapy products. Our services comprise contract manufacturing of sterile injectables, ointments, creams and liquids. We serve our customers globally through our presence in North America, India, Europe and Japan and other emerging markets.

We organize our business as follows, which is reviewed by the Group's management on a consolidated basis as a pharmaceutical business:

- *Generics*

  - *APIs* — We develop and produce APIs in the therapeutic areas of the Cardiovascular System ("**CVS**"), Central Nervous System ("**CNS**"), Gastro-Intestinal ("**GI**"), anti-infectives and anti-depressants. We are primarily focused on lifestyle driven therapeutic areas including CVS and CNS with a strategy of large capacity production and dedicated lines for high volume molecules. As at June 30, 2016, we had 38 commercialized APIs available and had filed 81 DMFs in the United States. Our APIs business generated revenues of US$87.3 million and US$21.3 million for the fiscal year ended March 31, 2016 and the three months ended June 30, 2016, respectively, which comprised 20.1% and 19.2%, respectively, of our total pharmaceutical revenues, net for those periods.

  - *Solid Dosage Formulations* — We are engaged in the development, manufacture, sale and distribution of prescription generic pharmaceutical products in the United States, Europe, Japan and the rest of the world. As at June 30, 2016, we had 51 commercialized generics products across the United States, Europe, Canada, Japan and elsewhere. Our solid dosage formulations business generated revenues of US$121.1 million and US$28.8 million for the fiscal year ended March 31, 2016 and the three months ended June 30, 2016, respectively, which comprised 27.9% and 25.9%, respectively, of our total pharmaceutical revenues, net for those periods.

- *Specialty Pharmaceuticals (Sterile Products)*

  - *Radiopharmaceuticals* — We develop, manufacture and market diagnostic imaging and therapeutic radiopharmaceutical products. Applications for our products include cardiology, oncology, thyroid uptake and scans, lung scans, kidney and brain imaging and bone scans. Our radiopharmaceuticals business generated revenues of US$110.6 million and US$29.2 million for the fiscal year ended March 31, 2016 and the three months ended June 30, 2016, respectively, which comprised 25.4% and 26.2%, respectively, of our total pharmaceutical revenues, net for those periods.

  - *Allergy Therapy Products* — We provide products to the allergy specialty industry offering a range of over 200 different allergens and standard allergy vaccine mixtures. Our allergy therapy products business generated revenues of US$32.5 million and US$8.7 million for the fiscal year ended March 31, 2016 and the three months ended June 30, 2016, respectively, which comprised 7.5% and 7.8%, respectively, of our total pharmaceutical revenues, net for those periods.

- *Contract Manufacturing of Sterile Injectables*— We develop and produce sterile injectables and non-sterile products focusing on the delivery of clinical and commercial fill and finish services for sterile parenteral pharmaceuticals, utilizing both liquid and lyophilization capabilities. Our CMO business generated revenues of US$82.7 million and US$23.2 million for the fiscal year ended March 31, 2016 and the three months ended June 30, 2016, respectively, which comprised 19.0% and 20.9%, respectively, of our total pharmaceutical revenues, net for those periods.

The following table sets forth the net revenue generated by each of our business lines in our pharmaceuticals business segment for the periods indicated:

	Fiscal Year Ended March 31					
	2014		2015		2016	
	(US$ thousands)	(%)	(US$ thousands)	(%)	(US$ thousands)	(%)
Generics						
Active Pharmaceutical Ingredients (API)	77,967	18.7	83,313	20.1	87,348	20.1
Solid Dosage Formulations	149,500	35.9	136,600	32.9	121,055	27.9
Specialty Pharmaceuticals (Sterile Products)						
Radiopharmaceuticals	41,250	9.9	86,967	20.9	110,553	25.4
Allergy Therapy Products	32,700	7.8	30,651	7.4	32,469	7.5
Contract Manufacturing	109,096	26.2	75,829	18.3	82,735	19.0
Clinical Research	6,133	1.5	1,804	0.4	267	0.1
Revenue from operations (net)	**416,646**	**100.0**	**415,164**	**100.0**	**434,426**	**100.0**

	Three Months Ended June 30			
	2015		2016	
	(US$ thousands)	(%)	(US$ thousands)	(%)
Generics				
Active Pharmaceutical Ingredients (API)	23,267	21.2	21,342	19.2
Solid Dosage Formulations	29,264	26.7	28,836	25.9
Specialty Pharmaceuticals (Sterile Products)				
Radiopharmaceuticals	28,548	26.0	29,215	26.2
Allergy Therapy Products	7,317	6.7	8,653	7.8
Contract Manufacturing	21,149	19.3	23,238	20.9
Clinical Research	47	0.0	47	0.0
Revenue from operations (net)	**109,592**	**100.0**	**111,332**	**100.0**

We are a vertically integrated manufacturer, with two manufacturing facilities in India and four in North America. Our APIs manufacturing facility at Nanjangud, India, the solid dosage formulations facilities at Salisbury, Maryland, United States and at Roorkee, India, the sterile injectables manufacturing facility in Spokane, Washington, United States, the manufacturing facility for radiopharmaceuticals and the sterile and non-sterile manufacturing facility, both located in Kirkland, Montreal, Canada all have USFDA approval. Our solid dosage formulations plant in Roorkee, India has been granted the cGMP certificate by the Drug Controller General of India, Uttarakhand and has also obtained certifications by the USFDA, the UKMHRA, ANVISA and PMDA. Our corporate headquarters and central R&D center are located at Noida, India.

As at March 31, 2016, our products and services reached customers in 87 countries. We have subsidiaries in the United States to effectively penetrate this market.

Competitive Strengths

Leading market position in key products

We enjoy global and regional leading positions across our key business products. Our top 10 products by revenue contributed 46.2% and 44.9% to our total revenues from our pharmaceuticals business segment for the fiscal year ended March 31, 2016 and the three months ended June 30, 2016, respectively. According to internal management estimates, in APIs, we commanded approximately 21% of the global market share in carbamazepine, approximately 25% in oxcarbazepine, approximately 21% in meclizine, approximately 23% in citalopram and approximately 88% in pinaverium bromide, in each case as at March 31, 2016. In generic solid dosage formulations, according to internal management estimates, we enjoy approximately 18% market share in lamotrigine, approximately 23% market share in meclizine, approximately 46% market share in terazosin and approximately 37% market share in methylprednisolone in the United States, in each case as at March 31, 2016. According to internal estimates, in allergy therapy products, in 2015 we were ranked third in terms of sales in North America and are among the top five contract manufacturers of sterile injectables in North America.

Diversified product, customer and geographic mix to minimize concentration risk

We operate a diversified business model, benefiting from a global manufacturing and marketing presence with a broad customer base, and diversified product offerings and product sourcing capabilities. We are positioned across a range of products and geographic locations enabling us to capture different market segments, which offer opportunities to achieve higher revenue and margins and also minimize concentration risk.

Products and Product Supply. As at June 30, 2016, we had a diversified product portfolio of 38 commercial APIs, 51 commercialized generic solid dosage formulations, and over 200 different allergens and standard allergy vaccine mixtures sold across markets globally. We produce oral solid dosage formulations and APIs through two manufacturing facilities strategically located in different parts of India in addition to four international manufacturing facilities located in North America. We also have R&D centers in Noida, India, Montreal, Canada and Spokane, United States which focus on innovation and provide support for new products. We also have a diversified product supply, with our top 10 products by revenue contributing 46.2% and 44.9% of our total pharmaceuticals revenue for the fiscal year ended March 31, 2016 and the three months ended June 30, 2016, respectively, and our top product contributing 15.2% and 15.6% to our total pharmaceuticals revenue for the fiscal year ended March 31, 2016 and the three months ended June 30, 2016, respectively.

Customers. In terms of customer base, while we sell products and provide services to leading innovative pharmaceutical companies, for the fiscal year ended March 31, 2016 and the three months ended June 30, 2016 we derived 42.5% and 40.5%, respectively, of our total pharmaceuticals revenue from our top 10 customers.

Geographic diversification. We had sales in 87 and 74 countries in the world in the fiscal year ended March 31, 2016 and the three months ended June 30, 2016, respectively. Developed markets such as the United States, Canada, Europe and Japan collectively contributed 86.6% and 83.7%, respectively, of our total pharmaceuticals revenue for the fiscal year ended March 31, 2016 and the three months ended June 30, 2016. With manufacturing facilities and sales offices in key developed markets such as the United States and Canada and a presence in emerging markets, we are positioned to take advantage of opportunities arising from diversified regions while not being overly dependent on any particular geography.

Global competitive edge due to low cost from vertically integrated operations

We believe our large scale capacity manufacturing sites in India provide us with a low cost advantage in terms of wages and raw materials prices as compared to many of our global competitors, as well as economies of scale. In addition, by virtue of our vertically integrated operations, we believe that we enjoy competitive advantages in the form of cost efficiencies by producing across the value chain, thereby reducing our dependence on third parties for supply of feedstock down the value chain and are insulated from significant price volatility in raw materials. The APIs from our manufacturing facilities are used for solid dosage formulations under our generics business.

Innovative product portfolio with strong R&D capability

Our captive value chain in our business lines and our large scale of production allow us to build and retain leadership through product innovation and new product launches. Our R&D continues to lead to new, innovative processes and new knowledge-driven products that increase the efficiencies of our production and allow us to capitalize on opportunities for growth in competitive markets. We have R&D centers located in India and North America and, as at March 31, 2016, we employed a team of over 380 research scientists with expertise in the development of non-infringing processes for APIs and solid dosage formulations, specialized formulations and design for radiopharmaceuticals and other products which have been taken to commercialization. As at June 30, 2016, we and our Parent had filed intellectual property applications in various countries for innovations in relation to the pharmaceuticals business segment, including applications relating to 140 inventions in APIs in a number of different countries, 70 inventions in solid dosage formulations in a number of different countries, 28 inventions in radiopharmaceutical products in a number of different countries and one invention for an allergy therapy product in the United States. As at June 30, 2016, we and our Parent had been granted 58 patents (19 active) for APIs, nine (four active) for solid dosage formulations, 76 (41 active) for radiopharmaceutical products and one for allergy therapy products.

Through our investment in R&D, together with our implementation of management tools and strategies in manufacturing, design and project management, we continue to improve our cost competitiveness and quality of production by improving the efficiency of our supply chain management and developing better processes and product development and manufacturing capacities to reduce process inefficiencies, process variations, plant inefficiencies, assets under-utilization and the time required for product and process development.

Established relationships with our customers

We have established relationships with our top 10 customers. For the fiscal year ended March 31, 2016 and the three months ended June 30, 2016, our top 10 customers contributed 42.5% and 40.5%, respectively to our total pharmaceuticals revenue and have on average over five years of business relationships with us. Some of our business lines enter into long term contracts with our customers, the terms of which range from three to five years, with the balance of our sales based on purchase orders. This customer base provides us with a stable revenue stream.

Well positioned in the pharmaceuticals industry with attractive market dynamics

We believe we are well positioned to capitalize on growth opportunities in the pharmaceuticals markets by creating a sustainable competitive advantage in the businesses that we operate, having an established high-growth and high-margin, defensive pharmaceuticals business. With a more stringent regulatory environment and a higher in-house cost of manufacturing, global players are increasingly looking for "one stop shop" partners who can provide them with low cost manufacturing. We believe we are well positioned to benefit from such growth opportunities by offering services across the pharmaceutical value chain from APIs to solid dosage formulations and sterile injectables. With the expected improvement in the key developed markets over the next two to three years, on account of the focus on generic products by governments globally to reduce healthcare costs, we believe we are well placed to grow our international sales, in particular in Europe and Japan. As of 2015, the global pharmaceuticals market was estimated to be over US$1 trillion. The "BRICMT" countries of Brazil, Russia, India, China, Mexico and Turkey are developing into markets comparable in size to their western counterparts, and are important future areas of growth for generic drugs. The anticipated sharp patent cliff with the subsequent shift towards generics in key developed markets in Europe and Japan offers low cost value enablers like us with outsourcing capabilities significant opportunities for growth.

Highly qualified, experienced Board of Directors and management team supported by prudent financial policies

We have a distinguished Board of Directors with an average of over 30 years of industry experience as well as science and industry expertise. Our senior management team has an average of 20 years of work experience in the pharmaceuticals industry. Our management team is supported and guided by prudent financial policies with respect to leveraging and capital structure, investments, dividends and hedging in addition to corporate governance policies. We believe our experienced management team has contributed to our past success. We also have in place strong control management systems for financial reporting.

Strong and attractive growth and profitability profile

Our revenues and profit from the pharmaceuticals business segment were US$434.4 million and US$49.1 million, respectively, for the fiscal year ended March 31, 2016. From the fiscal year ended March 31, 2014 to the fiscal year ended March 31, 2016, our EBITDA has grown at a CAGR of 29% and our EBITDA for the fiscal year ended March 31, 2016 was US$117.8 million. Our focus is on leveraging free cash flows generated from our operations to further strengthen our ability to grow.

Business Strategies

Our strategic objective is to continue to maintain and establish leading market positions in select key business lines to drive profitable growth. As such, we have implemented the following core strategies:

Expand global leadership in chosen lines of business and increase market share by continuing to grow our product portfolio

We believe that our success is derived from our ability to select attractive product candidates. In addition, de-bottlenecking enables us to increase capacity utilization to achieve greater sales volume cost and to efficiently execute various regulatory approvals and launch of products. This allows us to minimize the time it takes from selection to marketing of our products. We intend to expand our pharmaceutical product portfolio by utilizing our market expertise in the United States, Europe, Canada, Brazil and other targeted countries to identify new product development and marketing opportunities. We believe that we will have a higher likelihood of increasing our penetration in our existing markets by offering new product innovations to our customers to meet their needs for a variety of generic product alternatives. We believe that we are proactive in maintaining good relationships with key regulatory agencies in the United States, Japan and Europe and that our track record of compliance with global standards and regulations is an important factor in obtaining timely regulatory approvals and in maintaining long standing customer relationships. We intend to continue improving the capacity of our manufacturing facilities and production streams and value engineering through the application of value-added tools for productivity enhancement.

Capitalize on our strong customer relationships to create and pursue growth opportunities

We will continue to focus on maintaining and strengthening our relationships with pharmaceutical wholesalers, chain drug stores and mass merchandisers through the introduction of new products from our current pipeline and the identification and development of new products in response to the needs of our customers. We have arrangements with the some of the largest pharmacy chains in Canada, South Africa and Russia. In the United States, we work with major wholesalers. We intend to continue to increase market penetration of our existing marketed products and identify opportunities to develop

and launch new products, through our relationships with these wholesalers and chain drug stores. We also plan to pursue growth opportunities by continuing to focus on high growth, high margin defensive pharmaceuticals through strategically expanding our capacity. To achieve this objective, we are aiming to expand our innovative product portfolio, strengthen our in-house R&D and expanding our geographic outreach while also promoting sustainability via our green initiatives under our promise of "Caring, Sharing and Growing".

Optimize our margins while maintaining prudent financial policies

We plan to continue our focus on methods to optimize our margins through business excellence programs involving Six Sigma initiatives. In this regard, we expect to achieve higher gross margins for many of our new products and to improve our yields on existing products by increasing capacity utilization for these products. We also plan to improve our operating margins by leveraging our existing sales capabilities and administrative functions across an expanded revenue base as a result of expected growth in our product portfolio, thereby gaining scale in operations.

Principal strategies for core business lines

In addition to our overall group strategy outlined above, our principal strategies for our core business lines are as follows, which is reviewed by the Group's management on a consolidated basis as a pharmaceutical business:

- *Generics*

    - *APIs.* Our expansion in this business is based on new product launches and increase in share of our existing products. We believe that we are well placed to achieve sustainable growth through a well differentiated strategy of products and markets, a strong set of capabilities focused on product selection and cost optimisation and a highly capable team with a proven track record. Our forward integration with our solid dosage formulations business also ensures high capacity utilisation.

      Solid Dosage Formulations. Our strategy to grow the top line and continue to be a preferred supplier to our customers is based on various strategic imperatives. Our spending on R&D is growing and we expect to increase our ANDA filings and approvals. We are focussed on increasing our product offerings in the oral solid segment and seek to exploit niche opportunities in steriles and other products. We are also diversifying our businesses geographically and we intend to continue expanding our business into emerging markets. Our focus is also on cost leadership with increased vertical integration in our portfolio mix. We have adopted a country-specific marketing and distribution strategy balancing the market needs and our capabilities. In the United States, our key market, we aim to grow our business through new launches and an increased market share for our existing products. In Japan we are aggressively pursuing product specific partnership with local players supported by our in-house Japan specific product development. Australia has developed as a key market for us and we are working on strengthening our pipeline and distribution partnerships. In Asia and the Middle East, we have brought strategic focus on promoting Jubilant brands and are also reaching out to leading local players for out licensing. We intend that growth in Africa would be primarily driven by the launch of our products in South Africa later this year. In the Latin American market, growth will be driven by new launches and filings in Brazil and other growing markets.

- *Specialty Pharmaceuticals (Sterile Products)*

    - *Radiopharmaceuticals.* Our strategy is to continue to develop new products, and increase the number of nuclear medicine procedures to create a strong pipeline of product portfolio. Broadening the portfolio that we offer is aligned with our goal of being the leading manufacturer of nuclear medicine products in North America. At the same time our strategy also involves expanding into newer markets such as Latin America, Europe, Japan and Asia. Through collaboration and contractual arrangements with partners and the establishment of new distribution channels we aim to drive growth both in our current and future products. With established R&D capabilities the business is continually engaged in the development of new products that we intend to introduce in the future. RUBY-FILL®Sr82/Rb82, our most promising product, is an infuser device used for heart imaging which is currently under active USFDA review. In addition to RUBY-FILL®, we have a robust pipeline of multiple products to expand and strengthen our portfolio. Our strategy is that future growth will be driven by market penetration, new product launches and geographic expansion across emerging markets.

    - *Allergy Therapy Products*. Our key competitive advantages include a strong presence across product lines, differentiated product portfolio, strong brand name (HollisterStier Allergy), broad sales reach and strong in-house parental manufacturing capabilities. Our strategy is to build on our leadership in the North American market and at the same time deepen penetration in Canada, New Zealand, France, South Korea and Australia. We are also exploring possibilities to expand into Latin America.

    - *Contract Manufacturing of Sterile Injectables.* Due to consolidation activities across the CMO space and our compliant regulatory status, we have seen an influx of new clients at both our Spokane and Montreal sites. We believe we are in a position to grow the CMO business at a growth rate higher than the industry average. With our continued focus on compliance, efficient and lean operations and producing quality products at the first time of asking, we have seen improvement in business and expansion in margins.

Business Lines

We offer products and services across the pharmaceuticals value chain. Products and services in our pharmaceuticals business include (i) generics, comprising APIs and solid dosage formulations and (ii) specialty pharmaceuticals (sterile products), comprising radiopharmaceuticals, allergy therapy products and the contract manufacturing of sterile injectables.

Generics

APIs

We develop and produce APIs, which are the principal ingredients for pharmaceutical formulations, and are also known as bulk active substances or bulk drugs. APIs become formulations when the dosage is prepared for human consumption in the form of a tablet, capsule or liquid using additional inactive ingredients. Our APIs are primarily sold to manufacturers of formulations of generic drugs. Generic pharmaceutical products or "generics", are the pharmaceutical and therapeutic equivalents of brand-name drug products whose patents have expired in their respective markets and are usually marketed under their established non-proprietary drug names, rather than under a brand name. We sell only development quantities of APIs to manufacturers of formulations of generic drugs prior to the

patent expiry as permitted by the local laws of the importing country and commercial quantities only upon patent expiry or prior to patent expiry for our customers to prepare for launch upon patent expiry. In all cases, our approach is governed by the local laws of the importing country. The manufacturers of formulations that use our APIs are subject to strict regulation globally.

Products. As at June 30, 2016, we had 38 commercialized APIs available through commercial scale plants, of which carbamazepine, oxcarbazepine, citalopram, tramadol, donepezil, pinavarium bromide, valsartan and azithromycin are the most significant. As at June 30, 2016, we had filed 81 U.S. DMFs in the U.S. market, 39 CEPs in Europe, 37 Canadian DMFs in Canada, 12 Japanese DMFs in Japan and 13 filings in Australia.

We are focused on the development of APIs in the following therapeutic categories: CNS, CVS, GI, anti-infectives and anti-depressants. Once we develop an API product, we typically supply them to generics developers and manufacturers that use our API in their formulations and seek the required approvals, including filing DMFs by us and approvals of our customers' ANDAs and/or dossiers (as the case may be depending on the market such as the United States, the United Kingdom, Canada, Japan or Australia), before we would be able to commercialize the API.

Market and Customers. We believe that the API industry in India is fragmented, comprising a large number of manufacturers who are mostly small-scale operators and which produce a multitude of different APIs. We believe the industry has grown over the past several years, fuelled in large part by India's relatively low labor costs and large highly skilled labor pool with scientific or technical expertise. The global trend among pharmaceuticals manufacturers to outsource the production of APIs has also contributed to this recent growth. We believe we are the largest API supplier for Sartans.

Our APIs are exported worldwide, into emerging as well as developed markets. Our key markets are North America, South America, Europe, Japan, Korea, Commonwealth of Independent States (CIS) countries, the Middle East and Australia. Our API customers are leading global generic companies.

Sales, Distribution and Marketing. Due to the long development and approval lead times, typically the development of an API starts around six to eight years prior to patent expiry. However, we also develop a number of APIs where we seek to be an alternate supplier for the customer rather than the primary supplier as such opportunities are presented to us on a regular basis. Our sales and marketing team regularly interacts with our customers' technical teams in R&D, quality control and manufacturing, as well as with our customers' procurement personnel, in order to identify such opportunities. Change of API source or alternate development can take between three months and two years depending upon the country and the regulatory approval status of the supplier. Our teams continuously look for customer development opportunities and follow up on potential leads.

We rely primarily on our existing relationships with leading generic pharmaceutical companies in markets such as the United States, Europe, Canada, Japan and Brazil to explore opportunities to obtain regulatory approval for and sell our APIs. We also employ agents who act as a link between ourselves and drug manufacturers interested in sourcing APIs to meet their requirements. Such arrangements are not standard and we implement such arrangements selectively for certain countries or with customers where the local language, knowledge of regulations, customs and/or payment follow-up requirements necessitate the use of such services of a local entity as an intermediary. These contacts may be initiated by us, the manufacturer, or the distributor/agent if it is aware of mutual interest in outsourcing arrangements for a particular API. The distributors/agents typically receive a commission for their services as a percentage of the sales made to the concerned customer. The commission ranges between 2% and 15% depending upon the services offered and is paid upon realization of the payment from the customer for the goods sold for which the commission was due.

Facilities. Our APIs are produced at a manufacturing facility in Nanjangud, near Mysore, Karnataka, India. There are currently six multi-purpose, multi-product commercial production plants at this facility. Our manufacturing facilities are capable of conducting sophisticated manufacturing and chemical processes, particularly high-temperature or high-pressure reactions. Our facility at Nanjangud, Karnataka, India is approved by key regulators including the USFDA, PMDA Japan, KFDA Korean and Cofepris Mexico. The last USFDA inspection of our facility was in October 2015 and the EIR was received in February 2016.

We continue to invest in the expansion of our manufacturing capacity utilization. Such expansion is driven by continuous de-bottlenecking of our manufacturing plants/streams and by value engineering through the application of Six Sigma, Lean Stigma and other value-added tools for productivity enhancement. In addition, we also build new capacities as per our commercialization plans based on customer approvals and patent expiry of various molecules. We intend to continuously increase production capacity for several of our API products. For example, we expanded production capacity of our products such as lamotrigine, citalopram, oxcarbazepine and tramadol through de-bottlenecking and line balancing of our existing plants at Nanjangud to increase production capacity.

Raw Materials, Inputs and Suppliers. The primary raw material input for our APIs are fine chemicals and other intermediate compounds, almost all of which we purchase from third party suppliers on a purchase order basis. Such ingredients and other intermediates are available in India and are subject to significant price competition.

Research and Development. Our API development centers in India have approximately 180 scientists focusing on the development of non-infringing processes for markets including the United States, Europe, Japan and Canada. These scientists focus exclusively on the R&D of new APIs in order to develop non-infringing processes facilitating the first-to-file advantage in ANDAs and dossiers in regulated markets. We also have R&D facilities at our Nanjangud facility, including a kilo lab and pilot plant, which are used to develop processes for the production of APIs from laboratory test amount to larger commercial quantities. The API R&D team is organized according to specific functionalities, including chemical synthesis, analytical research, intellectual property rights ("**IPR**"), and technology transfer. Our IPR group also monitors the patent status of our API products and coordinates patent filing and patent infringement issues worldwide.

Solid Dosage Formulations

In addition to producing APIs, we are engaged in the development, manufacture, sale and distribution of prescription generic pharmaceutical products in the United States, Europe, Japan and the rest of the world, through our subsidiary Jubilant Cadista in the United States and our team at Noida, India. Generic formulation pharmaceuticals contain the same active ingredient and are of the same route of administration, dosage form, strength and indication(s) as brand-name pharmaceuticals already approved for use by the regulatory authorities.

The solid dosage formulations business derives benefit from backward integration into our API business, supported by our in-house R&D facility for formulation development and regulatory filings, in-house CRO for conducting bio-equivalence studies for the generics R&D program and cost effective manufacturing. We focus primarily on the manufacture and sale of proprietary solid dosage formulations including value-added formulations for CVS, CNS and anti-allergy categories.

Products and Services. As at June 30, 2016, we had 51 commercialized generic solid dosage formulations products across the United States, Europe, Japan, Australia and the rest of the world. In the oral solid formulations business, our product portfolio spans CNS products such as lamotrigine,

oxcarbazepine, cyclobenzaprine, donepezil, anti-histamine products such as meclizine and GI products such as pantoprazole in the United States. market. Our solid dosage formulations business develops first-to-market generic drugs, innovative drugs, over-the-counter drugs and line extensions. Our range of products also includes value-added formulations and special formulations such as taste masking, flash tablets, oral dispersible forms, chewable tablets and modified release forms.

We also offer turnkey products and services to generic pharmaceutical companies by undertaking the supply of solid dosage formulations and APIs based on dossiers developed by us and arrange market authorizations and release for facilitating sales of solid dosage formulations in EU countries and the United States. We also provide regulatory affairs services, formulation development, licensing of marketing authorizations and supply solid dosage formulations to generic pharmaceutical companies in Europe.

We develop dossiers for our products in accordance with regulatory and registration procedures for various countries in the world, most of which incorporate our APIs, which we license to European generic pharmaceutical companies. As at June 30, 2016, we had made a total of 70 ANDA filings for solid dosage formulations in the United States, 98 filings in Europe, 21 filings in Canada and 573 filings in other countries so far. As at June 30, 2016 we had received 44 ANDA approvals in the United States, 18 approvals in Canada and 98 approvals in Europe.

Market and Customers. In recent years, the market for generic pharmaceuticals has grown dramatically. We believe this growth has been driven by several factors, including:

- efforts by governments, employers, third-party payers and consumers to control healthcare costs;
- increased acceptance of generic pharmaceutical products by physicians, pharmacists and consumers;
- the aging of the population and the resulting greater utilization of prescription pharmaceutical products at affordable prices; and
- the increasing number of pharmaceutical products whose patents have expired or will expire over the next several years and are or will be subject to competition from generic equivalents.

We believe these factors will continue to increase demand for generic pharmaceuticals and accelerate the growth of the generic pharmaceuticals industry in future years.

Sales, Distribution and Marketing. We sold our solid dosage formulations products in 34 countries during the three months ended June 30, 2016. Sales are driven by new product launches and launches of existing products in new countries. Sales are also driven by capacity de-bottlenecking. For the fiscal year ended March 31, 2016 and the three months ended June 30, 2016, our solid dosage formulations business accounted for 27.9% and 25.9%, respectively, of our total pharmaceuticals revenues. In the United States market, through our subsidiary Jubilant Cadista, we have established our presence as a generic pharmaceutical company and we market our own products through a distribution network and supply solid dosage formulations directly to the United States. We also supply to the U.S. Federal Government through our U.S.-based manufacturing facility. We also make filings for our solid oral finished dosage products in other markets such as Japan, Canada, South Africa, Australia, Brazil and Europe and typically sell our products through local partners. In countries such as South Africa, Canada and Russia we have partnered with the largest pharmacy chains and distributors of the region in addition to local pharmaceutical marketing companies. We have also filed products in other countries such as Venezuela, Columbia, Costa Rica, Peru, Thailand,

Philippines, Malaysia, Taiwan, Hong Kong, Ukraine, Belarus, Kazakhstan, Uzbekistan, Ethiopia, Uganda and Kenya, and with regional groups such as the Gulf Cooperation Council. We typically partner with local retail pharmacy chains or local pharmaceutical marketing companies for sale of our products in those countries and such arrangements usually cover with a long-term supply agreements extending up to five years.

Facilities. We have two manufacturing facilities for oral solid dosage formulations — one located in Salisbury, Maryland in the United States and the other, located in Roorkee, India, approximately 200 kilometers from New Delhi, India. The Roorkee facility has been audited and approved by, among others, the USFDA, UKMHRA, PMDA (Japan), ANVISA Brazil and MCC South Africa. The two sites collectively have an annual capacity of producing over 3.5 billion tablets and capsules. The last USFDA inspection of our Salisbury facility was in August 2015 and the EIR was received in October 2015. The last USFDA of our Roorkee facility was in April 2016, a form 483 has been received and we are awaiting the receipt of the EIR.

Raw Materials, Inputs and Suppliers. The primary raw material input for our generic solid dosage formulations are APIs which we produce as well as purchase from third party sources. Of the APIs which we use for our solid dosage formulations, approximately 37.0% and 38.6% were produced by the Group for the fiscal year ended March 31, 2016 and the three months ended June 30, 2016, respectively.

Research and Development. We currently have a team of approximately 150 scientists at our R&D facility in Noida developing solid dosage formulations. The facility is equipped for laboratory scale tablets and capsules manufacturing. Our finished dosage development center based in Noida also has capabilities to develop oral solid products, including immediate release oral solids formulation, modified release formulation, chewables and orally disintegrating tablets, and also injectables and ophthalmic products.

Specialty Pharmaceuticals (Sterile Products)

Radiopharmaceuticals

We develop, manufacture and market our own radiopharmaceutical products through our subsidiary Jubilant Draximage. These products are used in the diagnosis, treatment and monitoring of various diseases. We specialize in cardiac, lung and bone imaging as well as thyroid disease diagnosis and therapy.

Products. The products currently marketed include a line of lyophilized Technetium-99m kits used in nuclear medicine imaging procedures and a line of radioactive imaging and therapeutic products. Our wide array of therapeutic and diagnostic products holds market leadership positions in North America. These products include HICON®, Sodium Iodide I-131 Bulk solution for thyroid disease and thyroid cancer management, DraxImage® MAA (Macro-Aggregated Albumin) for lung imaging and DraxImage® DTPA (Diethylene Triamine Penta-acetic Acid) for lung and renal imaging. Additionally, we market DraxImage® MDP (methyl diphosphonate) used in bone scanning, DraxImage Gluceptate used in kidney and brain imaging and DraxImage® Sestamibi used in myocardial perfusion imaging.

Our radiopharmaceutical division also has a number of products in late stage development, including RUBY-FILL®Sr82/Rb82 ("**Ruby-Fill**"), which is an infuser device used for heart imaging, currently under active USFDA review and expected to be launched during the course of 2017. Ruby-Fill is a next-generation rubidium generator also under review in Europe and Canada, and will be launched subject to the necessary regulatory approvals.

Other products under development include I-131 MIBG used in the treatment of neuroblastoma, a neuroendocrine pediatric cancer, and also in pheochromocytoma and paraganglioma.

In addition to Ruby-Fill and I-131 MIBG, we have seven products (including Exametazime) in the pipeline to expand and strengthen our medical imaging portfolio. One such candidate is a generic Gadopentatate Dimeglumine injection, a magnetic resonance imaging contrast agent, which was recently approved by Health Canada in 2014 and is currently under active review with the USFDA.

Market and Customers. Our radiopharmaceuticals division has well-established bases in the United States and Canada, and is currently expanding in Europe, South America and Asia. Our radiopharmaceuticals division's customers include commercial radiopharmacies and hospitals. In the United States, our largest market, as at June 30, 2016, we had a 64% market share of I-131, a 100% market share in MAA, a 100% market share in DTPA and a 74% market share in MDP, according to the Company's internal estimates.

Sales, Distribution and Marketing. Our radiopharmaceuticals division has a sales force that caters to customers in the United States, Canada, South America, Asia and Europe. We are continuing our efforts to obtain registration for select products in select markets. We are currently also seeking to expand our distribution network for our radiopharmaceutical products in India and other emerging markets in Asia and the Middle East. We are required to be licensed and to meet specific state requirements for sale of products in specific states. While some of these licenses are pending approval or filing with the state authorities, any delay or denial of such state licenses is not expected to have a material impact on our results of operations. We continue to explore alternatives to avoid such delays including the use of third party logistics companies and the utilisation of internal resources of our associate companies.

Research and Development. Our radiopharmaceuticals division has a small focused R&D team with radiochemical expertise, based in Montreal, Canada. This team supports existing products and leads development of new products using its own resources, and also collaborating with our R&D team in India. With well-honed R&D capabilities, the business is continually engaged in the development of new products that can be introduced in the future.

Facilities. Our radiopharmaceuticals products are manufactured in our Jubilant Draximage facility, located in Montreal, Canada. Our facility is approved by Health Canada and the USFDA. The last USFDA inspection of our facility was in December 2015 and the EIR was received in May 2016.

Allergy Therapy Products

Products. Our allergy therapy products business provides products to the allergy specialty industry with an offer range of over 200 different allergens and standard allergy vaccine mixtures. We operate our allergy therapy products business through HollisterStier Allergy, a business unit of our subsidiary JHS. JHS is one of the leading North American immunotherapy and vaccine companies with 95 years of experience, and a full service provider to allergists and the medical community, with a product range of over 200 different allergens and exclusive skin diagnostic devices. The majority of our therapeutic and diagnostic vaccines are extracted from pollens, animal pelt and stinging insects (venom). JHS's main products are its extensive line of pollens, Venomil® which is a venom product and line of acetone precipitated extracts, and its QUINTIP® & ComforTen™ lines of skin testing diagnostic devices.

Market and Customers. The target user base of our allergy therapy products are conventional allergists, ear, nose and throat physicians, general physicians and hospital-based clinics across North America. Our allergy therapy products business line has traditionally focused on North America as our key market, where we have generated significant brand loyalty due to our operating history. We also market some our key products such as venom extracts in Australia, New Zealand and Europe through distributors. We are one of the top three players in the allergen extracts market in the United States.

Sales, Distribution and Marketing. Our allergy therapy products are sold primarily in bulk and then mixed in the office/clinic environment. As at June 30, 2016, we had a dedicated sales force in the United States and distributors in Europe, Canada and South Korea for our allergy therapy products.

Facilities. Our allergy therapy products are manufactured at JHS's facility located in Spokane, Washington, United States. Our facility maintains registration with the USFDA and Health Canada approval for manufacturing allergy therapy products. The last USFDA inspection of our facility was in July 2015 and the EIR was received in September 2015.

Contract Manufacturing of Sterile Injectables

Our contract manufacturing of sterile injectables business line develops and produces sterile injectables, ampoules, ophthalmic and sterile/ non-sterile ointment cream and lotions (OCL). Utilizing the brand Jubilant HollisterStier (JHS), this integrated business unit was formed following the acquisition of HollisterStier Laboratories in Spokane, United States in 2007 and Draxis Pharma in Montreal, Canada in 2008. Both the Spokane and Montreal facilities are leading service providers to the life sciences industry, providing manufacturing, product development and laboratory analytical services. Our CMO business services the spectrum of life sciences industry requirements, from large scale leading pharmaceutical companies to biotechnology organizations. We follow a partnership approach to this business, working closely with our clients to provide comprehensive solutions with utmost flexibility and customer service.

Products. We offer services for a broad range of sterile products, including vial and ampoule liquid fills, freeze-dried (lyophilized) injectables, biologics, suspensions and water for injection diluents. The size of the vials we are currently able to produce ranges from two milliliters to 100 milliliters and batch sizes range from 40 liters to 2,000 liters. We are also able to manufacture products in quantities suitable for clinical trials as well as for large scale commercial requirements. We also offer products that include sterile ointment creams and lotions.

The services we offer for non-sterile products include semi-solid dosage formulations, including antibiotic ointments, dermatological cream and liquids (syrups and suspensions), capsules, tablets and powder blends.

Market and Customers. We believe that the global pharmaceutical contract manufacturing market is fragmented and there are only a few leading operators with combined sterile injectables and non-sterile products capabilities and competences required to serve large pharmaceutical and biotechnological clients. The sterile injectables/OCL and non-sterile products market has been the fastest growing business line with significant barriers of entry such as complex manufacturing processes, stringent USFDA and other regulatory compliance requirements which can take between three and five years and high capital investment. Further, the market is going through a phase of large scale consolidation with large pharmaceutical companies acquiring CMOs and thereby limiting their capacity to service their customers.

We have an established market position in the sterile injectables and non-sterile products markets globally. Our key markets for sterile injectables are North America, Europe and Asia and our key markets for non-sterile products are North America, Europe, the Middle East, Africa and Asia. We expect to be able to continue to increase our market share in the market for sterile injectables and non-sterile products as a result of our proven regulatory track record with the USFDA, Health Canada, UKMHRA, EMA and ANVISA Brazil and PMDA Japan, our expertise in multi-mode contract manufacturing, the quality of our products and our execution capabilities.

We utilize a number of marketing channels to target key customers in the pharmaceutical and biotechnology players such as advertising in trade publications, participation in tradeshows, social media, targeted email communications, direct mail, print media and other content marketing.

Facilities. Our sterile facility located in Spokane, United States is focused on the delivery of clinical and commercial fill and finish services for sterile parenteral pharmaceuticals, utilizing both liquid and lyophilization capabilities. The Spokane facility has obtained USFDA, MHRA, Health Canada, PMDA (Japan) and other certifications for its manufacturing processes. The last USFDA inspection of the Spokane facility was in July 2015 and the EIR was received in September 2015.

Our facility in Montreal, Canada has multi-dosage form capabilities ranging from sterile parenteral (vial and ampoule liquid and lyophilization), to sterile and non-sterile semisolid manufacturing of OCL. The Montreal facility has obtained USFDA, Health Canada and other certifications for its manufacturing processes. The last USFDA inspection of the Montreal facility was in November-December 2015 and the EIR was received in March 2016.

Sales

As at June 30, 2016, we supplied our products and services to customers in 87 countries. India accounted for 3.5% and 4.8% of our total pharmaceuticals revenues for the fiscal year ended March 31, 2016 and the three months ended June 30, 2016, respectively, and the key developed markets for the Company, comprising North America (comprising the United States and Canada), Europe and Japan, accounted for 86.6% and 83.7% of our total pharmaceuticals revenues for the fiscal year ended March 31, 2016 and the three months ended June 30, 2016, respectively.

We intend to focus on strengthening our presence in the key developed markets of the North America, Europe and Japan. We intend to increase our United States marketing efforts for APIs, solid dosage formulations and the contract manufacturing of sterile injectables.

We also have in place an extensive international logistics and distribution network to effectively cater to our international customers.

The following table sets out our revenue for our pharmaceuticals business segment from operations (net) by geographical region for the periods indicated:

	Fiscal Year Ended March 31			Three Months Ended June 30	
	2014	2015	2016	2015	2016
	(US$ thousands)				
India	17,197	15,786	15,177	4,714	5,385
North America	304,045	306,582	318,264	83,597	76,869
Europe	36,293	45,561	50,795	9,743	13,764
Japan	26,773	12,033	7,286	1,924	2,596
Rest of the world	32,337	35,202	42,904	9,614	12,718
Revenue from operations (net)	**416,646**	**415,164**	**434,426**	**109,592**	**111,332**

Facilities

As at June 30, 2016, we had two manufacturing facilities located in India, in Nanjangud and Roorkee, for APIs and solid dosage formulations respectively, and four international manufacturing facilities comprising one manufacturing facility for solid dosage formulations located in Salisbury, United States, one sterile injectables facility in Spokane, United States for the contract manufacturing of sterile injectables and allergy therapy products, one sterile manufacturing facility for radiopharmaceuticals, and one sterile and non-sterile products manufacturing facility for CMO, both located at Kirkland, Montreal, Canada. Our facility at Nanjangud has obtained ISO9001, ISO 14001 and OHSAS 18001 certifications. All our facilities in India (at Nanjangud and Roorkee), the United States (at Spokane and Salisbury) and Canada (at Kirkland, Montreal) are USFDA approved.

Our corporate headquarters and our central R&D center are located in Noida, India.

The following table sets forth certain information concerning our principal locations:

Location	Primary Use/Products	Certifications	Nature of Interest
Nanjangud, India	R&D center production facility for APIs	— ISO 9001, ISO 14001, OHSAS 18001, USFDA, PMDA (Japan), COFEPRIS (Mexico), KFDA (Korea), CDSCO (Europe), ANVISA (Brazil)	Freehold
Roorkee, India	R&D center production facility for generics	— USFDA, UK-MHRA PMDA (Japan), European Medical Agency (Europe), TGA (Australia), ANVISA (Brazil), MCC (South Africa), Health (Canada), MOH (Belarus), MOH (Taiwan), MOH (UAE), FDA (Jordan), MCAZ (Zimbabwe), FDA (Tanzania), DRU (Botswana), GMP (DLCA, India), WHO (India)	Freehold
Kirkland, Montreal, Canada. .	contract manufacturing of sterile injectables and radiopharmaceuticals	USFDA, Canadian GMP (Health Canada), CNSC (Canada), cGMP (US-FDA & Health Canada), ANVISA (GMP-Brazil)	Freehold
Spokane, Washington, United States	sterile injectables and allergy therapy products	USFDA,	Freehold
Salisbury, Maryland, United States	production facility for generics	USFDA	Freehold
Noida, India	headquarters R&D center solid dosage formulations R&D center clinical research	— DSIR (India)	Sub-lease under the Parent's 90-year leasehold
Yardley, Pennsylvania, United States	Pharmaceutical corporate office	DSIR (India)	63 month leasehold

Research and Development

Research & Development (R&D) is essential for innovation and plays a vital role in developing and adopting new technologies in the technologically intensive pharmaceuticals industry. At the Company, a team of well qualified and experienced professionals in R&D centers spread across multiple locations is specialized across the value chain of pharmaceutical research.

The R&D team focuses on generics research including APIs, solid dosage formulations and radiopharmaceuticals. R&D supports the activities of various businesses through new product and process development, process intensification, absorption of technologies and establishing technologies at a commercial scale.

Regarding APIs, our focus continues to be on developing commercially competitive, intellectual property compliant, robust and eco-friendly technologies which are eligible for Day 1/181 launch through innovative R&D approaches. In Radiopharmaceuticals, we are continually engaged in the development of new products that have yielded a pipeline of candidates that can be introduced in the future. RUBY-FILL®Sr82/Rb82, our most promising product, an infuser device used for heart imaging is currently under active USFDA review.

We have R&D centers located in India and North America and, as at March 31, 2016, we employed a team of over 380 research and development professionals with expertise in the development of non-infringing processes for APIs and solid dosage formulations, specialized formulations and design for radiopharmaceuticals and other products which have been taken to commercialization. As at June 30, 2016, we and our Parent had filed intellectual property applications in various countries for innovations, including 286 patent applications relating to APIs in a number of different countries, 130 patent applications relating to solid dosage formulations in a number of different countries, 163 patent applications relating to radiopharmaceutical products in a number of different countries and one patent application relating to allergy therapy products in the United States, of which 291 applications have been abandoned by us. As at June 30, 2016, we and our Parent have been granted 58 patents (19 active) for APIs, nine patents (four active) for solid dosage formulations, 76 patents (41 active) for radiopharmaceutical products and one patent for allergy therapy products. As at June 30, 2016, we and our Parent also held 91 registered trademarks for the pharmaceuticals business and had filed 32 trademark applications for the pharmaceuticals business which are currently pending.

Intellectual Property Rights

We protect our products with patents in major markets. Depending on the jurisdiction, patent protection may be available for:

- individual active ingredients;
- specific compounds, formulations and combinations containing active ingredients;
- manufacturing processes;
- intermediates useful in the manufacture of products; and
- new uses for existing products.

The protection that a patent provides varies from country to country, depending on the type of claim granted, the scope of the claim's coverage and the legal remedies available for enforcement. For example, although patent protection in the United States is generally strong, under some circumstances U.S. law permits generic pharmaceuticals manufacturers to seek regulatory approval of generic products before the patents expire. In addition, some developing countries have announced plans to reduce patent protection for some drugs.

As at June 30, 2016, we and our Parent had filed intellectual property applications in various countries for innovations in relation to the pharmaceuticals business segment, including applications relating to 140 inventions in APIs in a number of different countries, 70 inventions in solid dosage formulations

in a number of different countries, 28 inventions in radiopharmaceutical products in a number of different countries and one invention for an allergy therapy product in the United States. As at June 30, 2016, we and our Parent had been granted 58 patents (19 active) for APIs, nine (four active) for solid dosage formulations, 76 (41 active) for radiopharmaceutical products and one for allergy therapy products.

We have trademarks in the United States, India, Canada, Europe, Nigeria, South Africa, Mexico, Columbia, China and Australia.

Competition

The pharmaceutical industry is highly competitive and is affected by new technologies, new developments, government regulations, health care legislation, availability of financing and other factors. Many of our competitors have longer operating histories and substantially greater financial, research and development, marketing and other resources than us. We compete with numerous other companies that currently operate, or intend to operate, in the pharmaceutical industry, including companies that are engaged in the development of immediate release products, controlled—release drug delivery technologies and products, injectables and ophthalmics and other manufacturers that may decide to undertake development of such products. As a generic pharmaceutical supplier, we compete with branded products, as well as generic pharmaceutical companies supplying other bioequivalent products. Some of our principal generic competitors are Par Pharmaceuticals, Inc., Sandoz Laboratories, Inc., Teva Pharmaceutical Industries Ltd., Mylan, Inc., Hospira, Bedford Labs and Watson Pharmaceuticals, Inc. Our key competitors in India include Dr Reddy's, Lupin, Glenmark, and Sun Pharmaceuticals.

For our API business, the majority of our competition is from other Indian players. We also face competition from Chinese manufacturers such as Hisun, Huahai and Tianyu and players from Italy and Spain.

With respect to our contract manufacturing of sterile injectables business, the market is competitive, where companies often use pricing as a differentiator from their competitors. There is also not enough capacity available in the United States, as the market is estimated to be at peak utilization according to PharmSource. In addition, many competitors offer similar experience and expertise, including in the area of regulatory compliance. Supply base consolidation is expected to favor large, well-capitalized companies with broad capabilities, global scale and a good regulatory track record. We believe that our competitive strengths of sterile manufacturing expertise across solid dosage formulations, expertise in unique manufacturing requirements for lyophilization, ampoule, sterile ointment, ophthalmic, our market lead in North America in sterile vial manufacturing our technical expertise across our Spokane and Montreal manufacturing locations and expertise in semi-solid manufacturing and active relationships with global pharmaceutical companies allow us to compete effectively against our competitors.

Environmental Matters

In our Indian facilities, we have undertaken significant efforts to reduce & manage effluents by investments in incinerators and waste treatment facilities and improvements in production processes to reduce the quantity of effluents or increase recycling of materials, and upgrading of waste storage facilities. Solid waste at all our facilities is disposed, recycled or reused in accordance with applicable regulatory standards. All of our facilities are also equipped with the necessary air pollution control equipment to keep emissions below applicable regulatory standards, and our plants have achieved zero discharge norms, meaning that the plants do not discharge any effluent outside of their premises, and the effluent that is discharged on the premises is treated and recycled within the premises. Our

facilities at Nanjangud and Roorkee comply with IFC EHS guidelines in addition to local regulatory requirements. Both Indian manufacturing facilities at Nanjangud & Roorkee hold valid consents under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981.

In the United States, we continue to invest resources to reduce or eliminate waste effluents and other hazardous materials produced by our facilities. We have secured all necessary consents and authorizations under the relevant United States environmental regulations and we are in compliance with all applicable United States environmental regulations in all material respects. As at June 30, 2016, both facilities at Spokane and Salisbury held valid permits for waste water, air and hazardous waste as applicable under local regulations. The Salisbury facility submitted an application for industrial surface water discharge in September 2015 to the Maryland Department of Environment ("**MDE**") pursuant to the notification from the MDE dated August 31, 2015. The application is currently being processed.

In Canada, we have also implemented waste management initiatives for all of our facilities. We have secured all necessary consents and authorizations under the relevant Canadian environmental regulations and we are in compliance with all applicable Canadian environmental regulations in all material respects. We have not received any previous citation of violation during environmental audits conducted either by the Canadian authorities or by our clients. As at June 30, 2016, the facilities at Kirkland held valid permits for waste water, air and storm water as required under local regulation.

Occupational Health and Safety

We have set up occupational health centers and first-aid rooms which are appropriately staffed by trained medical officers, medical technicians and other trained personnel, at our manufacturing facilities. The medical facilities are equipped with the necessary equipment required for healthcare, first-aid and other medical emergencies. We also conduct mandatory pre-employment and regular medical check-ups for all the employees.

We strictly follow safety norms at our manufacturing locations, including institution of safety permit systems and standard operating procedures. Our target is to achieve a zero incident record at all of our facilities. During the fiscal year ended March 31, 2016 and the three months ended June 30, 2016 there were no lost time incidents at our Indian facilities at Nanjangud and Roorkee. At our international facilities there were a total of 11 lost time incidents during the fiscal year ended March 31, 2016 and two lost time incidents during the three months ended June 30, 2016. We have undertaken precautionary safety measures following such incidents or accidents in the past. As at June 30, 2016, we did not have any contingent liabilities relating to such incidents; however future occurrences of such incidents may subject us to liabilities.

Sustainability

In line with the Parent's continued focus on the sustainability of its business, the Company aims at improving stakeholder value through improved eco efficient use of capital and natural resources. The Company's approach to sustainable development focuses on economics, the environment and social performance. The Company is committed to working towards energy conservation and climate change mitigation. The Parent's sustainability efforts have been reported through a corporate sustainability report since 2003.

Employees and Employee Benefits

As of June 30, 2016, we had 3,262 employees on roll. The following table sets forth a breakdown of our employees by function as at June 30, 2016.

Function	Number of Employees
Accounts / Finance	77
Administration	11
Business Excellence & Six Sigma	10
CEO Office	8
EHS	22
Human Resources	42
Info & Tech	33
Manufacturing	1,609
Program Management & Projects	30
Quality	641
R&D	394
Regulatory & Medical Affairs	55
Sales & Marketing	114
Security	10
Supply Chain	180
Technical Services	26
TOTAL	**3,262**

As at June 30, 2016, some of our employees at our manufacturing plants at Nanjangud and Montreal, representing 12.7% of our employees, were members of unions, works committees, or otherwise had collective bargaining capability. We enjoy cordial relations with our employees and there have been no instances of major strikes, lockouts or other disruptive labor disputes with the exception of a 10 day strike in July 2016 over wages during the renewal of the Jubilant Draximage union contract. The strike was resolved amicably through a voluntary mediation process. During the absence of the 48 employees who were on strike, management personnel maintained production.

We have entered into collective bargaining agreements with our employees at our facility situated at Najangud which is valid until June 2018.The collective bargaining agreements will continue to be in effect after their validity period until terminated by either party. There is no union of employees at our facility situated at Roorkee and we have not entered into any collective bargaining agreements with our employees at the facility situated at Roorkee.

We provide various benefits to our employees, such as healthcare coverage. We fund a provident fund for employees' retirement. We also provide a superannuation plan for certain of our employees. The wages and benefits of our unionized employees are generally established pursuant to such collective bargaining agreements described above.

We have several initiatives to train and develop employees in building skills and capabilities. The training activities are broadly grouped under five areas with a focus on functional requirements or generic skills enhancements: marketing skills, behavioural skills, information technology, environmental awareness training, health and safety, and manufacturing or technical skills enhancement training.

In order to promote performance culture and individual performance, we have also introduced various initiatives, including introducing a variable pay component to senior management levels. In addition, we also award major milestones and recognize the small achievements at the individual level and at the team levels through our "Reward & Recognition Program".

To further integrate our operations and to streamline our human resource automated processes, we have also implemented a human resource information system globally.

Insurance

We maintain insurance policies on all of our production facilities, including buildings, plants and machinery and inventories, covering fire and other contingencies such as riot, strike, flood, storm, earthquake and other natural and accidental risks (including burglary). All of our manufacturing facilities have industrial all-risk insurance coverage, including cover for loss of profits for the Indian operations, a commercial package policy, boiler & machinery breakdown coverage, earning and extra expense coverage and business interruption coverage for overseas facilities. We also maintain insurance on products in transit, such as imports, international sales, and inland transport.

We also maintain global commercial general / product liability insurance for the majority of the products we manufacture. Besides this we also maintain a clinical trial policy for our overseas operations.

We also maintain insurance policies, including commercial automobile, commercial umbrella, personal accident, worker compensation and group medical insurance, which we believe to be relevant to our business. In addition, we also maintain directors and officers' liability insurance. We do not maintain key man life insurance on our executive officers.

We maintain public liability insurance policies for our industrial and non-industrial units in India and Environmental Impairment Liability policy for overseas operations, to cover risks that may include explosions, lapses in safety, industrial accidents, bodily injury, pollution liability, property damage or loss caused by the direct or indirect action of any of our facilities. The coverage limit of the liability under public liability insurance policies in India is Rs.150.0 million.

In the fiscal year ended March 31, 2016 and in the three months ended June 30, 2016, we paid an aggregate of US$1.8 million and US$0.4 million, respectively, in insurance premiums, net of recoveries / adjustment in CTC under all of our insurance policies. We believe that our insurance coverage is reasonably sufficient to cover all normal risks associated with our operations and is in accordance with industry standards in India & abroad.

Legal Proceedings

The Company and its subsidiaries are from time to time involved in legal proceedings, both as plaintiff and as defendant. The material proceedings in which the Company and its subsidiaries are currently involved in are set out below. Although no assurances can be given as to the outcome of legal proceedings, we believe that the other legal proceedings that the Company and its subsidiaries are involved in as at the date of this Offering Memorandum are individually and in the aggregate immaterial in the context of the Group's business and results of operations.

ICC Arbitration in Brussels

A customer of Jubilant Pharmaceutical NV in Belgium has filed claims in ICC arbitration proceedings in Brussels against Jubilant Pharmaceutical NV alleging contravention of certain provisions of a licensing and supply agreement between the parties and claiming damages of EUR 2.1 million (US$2.4 million) (excluding interest). Jubilant Pharmaceutical NV has also filed a counter claim against this customer for damages on account of breaches by the customer of EUR 2.4 million (US$2.7 million) in the same dispute. The arbitration proceedings are pending.

Taxation Proceedings

We also have pending disputes in relation to taxes assessed against the Group before various authorities in India. As at the date of this Offering Memorandum, five service tax litigation claims with a total outstanding claim of Rs. 244.32 million (US$3.69 million) (as at March 31, 2016) had been filed against the Group.

MANAGEMENT

Board of Directors

The board of directors of the Company (the "**Board**") is responsible for the management and administration of our Company's affairs. Generally, subject to the provisions of the Companies Act, CAP 50 (the "**Companies Act**"), Singapore, the Board is entitled to exercise all such powers, and to perform all such acts and things, as the Company is authorized to exercise and perform. However, the Board does not exercise any power or perform any such act or thing which is directed or required, whether by the Companies Act or any other Act in force or by the Company's constitutional documents or otherwise, to be done by the Company's shareholders only in their General Meeting. Further, from time to time, the Board constitutes committees of directors and vests them with specific powers to carry out the Board's functions. Pursuant to the Company's constitutional documents, the directors are not required to hold any shares in the Company unless otherwise determined by a general meeting of the Company's shareholders. The Board currently consists of seven directors out of which three are independent directors.

Jubilant Life Sciences Limited, the holding company, holds 100% of our Company's issued equity shares as at June 30, 2016 (100% of the voting rights).

As at the date of this Offering Memorandum, the Board consists of the following members who were appointed on the dates indicated below:

Name	Age	Position	Date Appointed
Shyam S Bhartia	63	Chairman and Managing Director*	May 19, 2005
Hari S Bhartia	59	Director	March 23, 2014
Rajagopal Sankaraiah	57	Director	October 10, 2014
Gurpartap Singh Sachdeva	47	Director	January 30, 2015
Shanker Iyer	65	Independent Director	January 1, 2013
Dr. Inder Mohan Verma	68	Independent Director	October 10, 2014
Suresh Kumar	61	Independent Director	October 9, 2014

* Mr. Shyam S Bhartia was appointed as Chairman and Managing Director with effect from March 18, 2015.

None of the Directors hold any shares in the Company.

Mr. Shyam S Bhartia, Chairman and Managing Director

Mr. Shyam S Bhartia, 63 years, is our Chairman and Managing Director. He holds a bachelor's degree in commerce from St. Xavier's College, University of Calcutta. He is a qualified cost accountant and a fellow member of the Institute of Cost Accountants of India.

He has over 37 years of experience in the pharmaceuticals and specialty chemicals, food, oil and gas (exploration and production) and aerospace sectors and has been instrumental in developing strategic alliances and affiliations with leading global companies.

He has served as a member of the board of governors of the Indian Institute of Technology, Mumbai and of the Indian Institute of Management, Ahmedabad. He has also been Chairman of the Chemicals Committee of Federation of Indian Chamber of Commerce & Industry ("**FICCI**") and was also on the board of directors of Air India.

He was a member of the Executive Committee of FICCI, Confederation of Indian Industry and the Task Force on Chemicals appointed by the Government of India.

Mr. Hari S Bhartia, Director

Mr. Hari S Bhartia, 59 years, is a Director of the Company. He holds a bachelor's degree in chemical engineering from the Indian Institute of Technology, Delhi. He was awarded the Distinguished Alumni Award from the Indian Institute of Technology, Delhi in 2000.

He has over 31 years of experience in the pharmaceuticals and specialty chemicals, food, oil and gas (exploration and production) and aerospace sectors and has been instrumental in developing strategic alliances and affiliations with leading global companies. He has been associated in various capacities with the Indian Institutes of Technology and with the Ministry of Human Resource Development of the Government of India.

He served as the President of the Confederation of Indian Industry ("**CII**") and is a member of several educational, scientific and technological programmes of the Government of India. He was the former Chairman of the Board of Governors of the Indian Institute of Management, Raipur and is currently a member of the International Advisory Board of McGill University, Canada. Recently, he was asked to head the newest Indian Institute of Management in Vishakhapatnam.

Mr. Rajagopal Sankaraiah, Director

Mr. Rajagopal Sankaraiah, 57 years, holds a bachelor's degree in science and is a member of the Institute of Chartered Accountants of India. As at the date of this Offering Memorandum, he is the Executive Director-Finance of Jubilant Life Sciences Limited. He has been a member of the IFRS advisory council of the International Accounting Standards Board, the Securities and Exchange Board of India's Committee on Disclosures and Accounting Standards as well as a member of CII National Council on Corporate Governance & Regulatory Affairs and the National Committee on Accounting Standards, which looks into issues related to the convergence of Indian GAAP with IFRS. He was a Government Nominee on the Central Council of the Institute of Company Secretaries of India.

He has over 30 years of experience in areas including mergers & acquisitions, financial engineering, profit management systems, forex management and taxation.

Prior to joining Jubilant, he was with SRF Limited for 16 years.

Mr. Gurpartap Singh Sachdeva, Director

Mr. Gurpartap Singh Sachdeva, 47 years, holds a masters' in pharmaceutical chemistry from Punjab University. He has over 22 years of experience with leadership experience in the pharmaceutical industry. He has worked both in India and in the US in various leadership roles pertaining to areas including commercial, strategy, mergers & acquisitions and operations.

He was previously the President of Sun Pharma, USA.

Mr. Shanker Iyer, Independent Director

Mr. Shanker Iyer, 65 years, is our Independent Director. He is qualified as a Chartered Accountant in London and was a partner at a leading accounting firm in the UK for over 10 years.

He has previously served as the Chairman of the Singapore International Chamber of Commerce ("**SICC**") and the Chairman of the International Fiscal Association, Singapore Branch. He has also been the Chairman of the SICC Tax Policy Committee. Prior to these appointments, he served as President of both the European and British Chambers of Commerce in Singapore.

Mr. Shanker Iyer has also been on the board of directors of Atria Hydel Power Limited.

Dr. Inder Mohan Verma, Independent Director

Dr. Inder Mohan Verma, 68 years, is an Independent Director of our Company. He holds a masters' degree in biochemistry from Lucknow University and a doctorate from Weizmann Institute of Science, Rehovoth, Israel. Dr. Verma joined the faculty of the Salk Institute, Calfornia in 1974, where he currently holds the Irwin and Joan Jacobs Chair in Exemplary Science, and he is also the American Cancer Society Professor of Molecular Biology and the Professor and director of the laboratory of genetics.

Dr. Inder Mohan Verma has been on the editorial boards of a number of international scientific journals and has served as founding editor-in-chief of Molecular Therapy, a journal that focuses on gene therapy. He has been a member of our Board since October 10, 2014. Prior to joining our Company, Dr. Verma was a Board member of Jubilant Life Sciences Limited. He also serves on the board of Jubilant Biosys Limited.

Mr. Suresh Kumar, Independent Director

Mr. Suresh Kumar, 61 years, is an Independent Director of our Company. He has been a member of Sanofi's Executive Committee and Executive Vice President, External Affairs. He is responsible for Sanofi's stakeholder engagement including interactions with governments and multilateral organizations, and initiatives that enhance patient access to Sanofi's medicines and vaccines.

Prior to joining Sanofi, Suresh was Partner at Oliver Wyman, and led the firm's Public Sector Practice and was part of the Health & Life Sciences team. Previously as US Assistant Secretary of Commerce & Director General of the US & Foreign Commercial Service (USFCS), Suresh spearheaded exports and FDI initiatives in the Obama Administration. USFCS facilitated exports and its ROI doubled under Suresh's leadership. Suresh continues to pursues his passion for improving lives and livelihoods, by promoting global public health and greater access to medicines and health care. Suresh convened and moderated the Ebola Expert Panel at Davos 2015 that galvanized multilateral support for an aligned way forward to combat the disease.

Responsibilities of the Board of Directors

The Board's role, functions, responsibilities and accountability are defined under the Companies Act and in our Company's constitutional documents. In addition to its primary role of monitoring corporate performance, the functions of the Board include:

- providing overall direction with respect to our corporate philosophy and mission;
- review of strategic and business plans;

- reviewing and approving financial plans and budgets;
- monitoring corporate performance in light of strategic and business plans, including reviewing operating results on a regular basis;
- ensuring ethical behavior and compliance with laws and regulations;
- borrowing within the limits approved by the Shareholders of the Company;
- approving capital raising exercises;
- dividend recommendation; and
- making of loans and investments, mergers and acquisitions, joint ventures and collaborations.

Committees of the Board of Directors

The Board has constituted the Audit Committee and is authorized to constitute additional committees from time to time, depending on the Company's business needs.

Audit Committee

The Audit Committee primarily constitutes a formal and transparent arrangement for accurate financial reporting and strong internal controls. The Audit Committee has the functions, duties, powers and responsibilities set out in the Audit Committee's charter and such other functions, duties, powers and responsibilities as may be conferred upon it by the Board of Directors.

The Audit Committee comprises four members, namely Mr. Shanker Iyer, Chairman, Dr. Inder Mohan Verma, Mr. Suresh Kumar and Mr. Rajagopal Sankaraiah.

Executive Officers

As at the date of this Offering Memorandum, our executive officers consist of the following members:

Name	Position
Gurpartap Singh Sachdeva	CEO
Arun K. Sharma	CFO
Pierre-Marcel Côté	VP-HR
Dr. Rajesh Kapoor	Sr. VP and Global Head, Quality, Jubilant Pharmaceuticals
Dr. Norman D. LaFrance	Chief Medical Officer and SVP, Medical & Regulatory Affairs

Mr. Gurpartap Singh Sachdeva, CEO

See biography in "— *Board of Directors*".

Mr. Arun K. Sharma, CFO

Mr. Arun K. Sharma holds a bachelor's degree in science and is a member of the Institute of Chartered Accountants of India. As at the date of this Offering Memorandum, he is designated as CFO-Pharma. He has over 20 years of experience in areas including Strategic Planning, Acquisition Finance, Treasury/Portfolio Management, Working Capital Management and Risks & Financial Controls.

Prior to joining Jubilant, he was with Escorts Limited for 11 years.

Pierre-Marcel Côté, VP-HR

Mr. Pierre-Marcel Côté completed his education at McGill University in psychology and industrial relations. He possesses over twenty-five years of management experience in advisory roles to senior management. He has led and collaborated on numerous wide scope international projects, mainly with the United States and large European and Latin American countries. He worked in various industries from manufacturing to services with his most recent experience prior to Jubilant being in consulting, prior to which he worked for 15 years with Abbott Laboratories.

Dr. Rajesh Kapoor, Sr. VP and Global Head, Quality, Jubilant Pharmaceuticals

Dr. Rajesh Kapoor is a quality operations professional with over 26 years of domestic and international experience encompassing biologics, drugs and vaccines with respect to CGXP. He has expertise in aseptic and non-aseptic operations for small and large companies, as well as overseeing CROs to manage clinical development programs leading to successful approvals for commercialization of drugs and biologicals. He has developed and implemented cGMP strategies and compliance programs resulting in successful inspections by regulatory agencies that include the USFDA, MHRA, ANVISA, TGA, Japanese Health Authorities, Canadian Health Authorities and Chinese FDA. He has published several scientific and technical research papers in refereed journals and he holds a Ph.D. in biochemistry from Lancaster University, United Kingdom and a masters' in business administration from Suffolk University, Boston.

Dr. Norman D. LaFrance, Chief Medical Officer and SVP, Medical & Regulatory Affairs

Dr. Norman D. LaFrance joined Jubilant DraxImage as Chief Medical Officer and Vice President, Medical & Regulatory Affairs in 2012. He has more than 25 years of drug development and product approval experience in the pharmaceuticals and healthcare industry both with molecular imaging and therapeutic companies over multiple portfolios. Prior to working in the pharmaceuticals industry, he practiced medicine for 10 years and held academic faculty appointments at Johns Hopkins University School of Medicine in the Departments of medicine and radiology and the Department of Radiological Sciences in the School of Hygiene and Public Health. He has served as global Chief Medical Officer at IBA Molecular from 2010 to 2012 and Senior Vice President for clinical development and Chief Medical Officer at Molecular Insight Pharmaceuticals from 2007 to 2010. He has additional experience in regulatory and medical affairs clinical research and development and strategic planning at Bausch & Lomb and CellTech. He has also previously been appointed to the USFDA Advisory Board.

PRINCIPAL SHAREHOLDERS

Jubilant Life Sciences Limited (the "**Parent**") holds 326,758,994 equity shares of US$1 each in the Company, being 100% of the equity shares in the Company as at June 30, 2016.

Promoters and Promoter Group

Mr. Shyam S Bhartia and Mr. Hari S Bhartia are promoters (the "**Promoters**") of the Parent.

In the Parent, the "**Promoter Group**" comprises the Promoters, their immediate families and corporates controlled by them. The following table sets forth the shareholding of the Promoter Group as at June 30, 2016:

Name	Number of Shares	%
Mr. Shyam S Bhartia	1,399,935	0.88
Mr. Hari S Bhartia	360,885	0.23
Mr. Priyavrat Bhartia	3,085	0.00
Mr. Shamit Bhartia	129,245	0.08
Ms. Kavita Bhartia	10,285	0.01
Jubilant Stock Holding Pvt. Ltd.	29,676,992	18.63
Vam Holdings Ltd.	5,681,400	3.57
SSB Consultants and Management Services Pvt. Ltd.	21,007,665	13.19
HSB Corporate Consultants Pvt. Ltd.	18,698,979	11.74
Nikita Resources Pvt. Ltd.	3,504,540	2.20
Jaytee Pvt. Ltd.	7,600	0.00
Torino Overseas Limited	770,445	0.48
Cumin Investments Limited	2,400,000	1.51
Rance Investment Holdings Ltd.	2,400,000	1.51
Total	**86,051,056**	**54.02**

RELATED PARTY TRANSACTIONS

In the ordinary course of business, we enter into various types of transactions including sales, purchases, borrowings, recovery and reimbursement of expenses on a cost sharing basis, asset purchases, rent and service transactions etc. with our directors, holding company subsidiaries, fellow subsidiaries and associates and other entities in which we have a material interest. These transactions are pursuant to terms that are no less favorable than those arranged with third parties.

The Company and its subsidiaries are members of the Jubilant Life Sciences Limited group, which has a presence in diverse sectors including, pharmaceuticals, life science ingredients and drug discovery solutions.

We are a party to a number of agreements with related parties (as defined below), including our directors, holding company, subsidiaries, fellow subsidiaries and their other associates and other entities, and engage from time to time in transactions with them. We believe these agreements and transactions have generally been entered into on arm's-length terms or on terms that we believe have generally been at least as favorable to us as similar transactions with non-related parties would have been. We describe below the material transactions that we have entered into with the related parties referred above. Sales to, and purchases from, related companies were carried out on commercial terms and conditions and at market rates.

Related Party Transactions

Transactions with related parties are on an arm's length basis.

Our Related Parties

Our related parties include the following:

- companies that, through one or more intermediaries, control, or are controlled by, or are under common control with, the Company (including holding companies, subsidiaries, and fellow subsidiaries);

- associated companies;

- individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company, and close family members of such individuals, and companies under the control of such close family members; and

- companies in which a substantial interest in the voting power is owned, directly or indirectly, by any persons described above, or over which such person is able to exercise significant influence. These include companies owned by directors or major shareholders of the Company, and companies that have common members of key management with the Company.

Summary of Related Party Transactions

We enter into a number of transactions with other members of the Jubilant Life Sciences Limited group. The tables below shows our related party transactions for the periods and as at the dates indicated.

	For the fiscal year ended March 31			For the three months ended June 30	
	2014	2015	2016	2015	2016
	(US$ thousands)				
Sales of goods and services	22,923	5,429	806	463	38
Purchases of goods and services	82,984	41,454	16,522	5,151	2,890
Recovery of expenses and utilities charges	828	591	906	180	1,045
Reimbursement of expenses	1,205	8,224	7,297	1,631	1,592
Company's contribution to PF Trust	834	726	610	150	162
Rent expenses	—	713	797	203	206
Repayment of Loan	—	23,700	13,300	6,000	—
Loan received back	2,215	—	—	—	—
Loans taken	13,500	13,000	—	—	3,000
Interest on borrowings/payable for business purchase	99	7,906	363	(1,119)	9
Purchase of property, plant and equipment	—	3	2	2	—
Consideration for share purchase	—	67,719	—	—	—
Consideration for business purchase	—	220,708	—	—	—

	As at March 31			As at June 30
	2014	2015	2016	2016
	(US$ thousands)			
Trade and other payables	27,259	18,304	14,517	11,644
Loans payable (including interest accrued thereon)	23,844	85,969	5,608	8,512
Trade and other receivables	2,807	271	594	539

Sales of Goods and Services

We sell certain solid dosage formulation products to the Parent for sale in certain territories of Europe and the rest of the world due to the fact that the regulatory approval for such sales remains in the name of the Parent (although the process to change this approval to being in the name of Jubilant Generics is under way). Goods in the amount of US$0.3 million and US$0.8 million were sold to the Parent during the fiscal years ended March 31, 2015 and 2016, respectively, and goods in the amount of US$0.5 million and US$38 thousand were sold during the three months ended June 30, 2015 and 2016, respectively.

Our API's in the United States market were sold through a related party, Jubilant Life Sciences (USA) Inc. Sales of goods in the amount of US$14.7 million and US$5.1 million were made to Jubilant Life Sciences (USA) Inc. during the fiscal years ended March 31, 2014 and 2015, respectively.

In addition, we sold life science ingredient products in the amount of US$8.2 million to Jubilant Life Sciences NV during the fiscal year ended March 31, 2014 following the transfer of the life sciences business to a separate company.

All the above transactions are entered into at arm's length and the prices are determined based on market rate.

Purchases of Goods and Services

We purchase certain chemicals from the Parent which are used in our manufacturing process for APIs. We also previously purchased life science ingredient products for trading in the European market during the fiscal year ended March 31, 2014. We purchased chemicals and other life science ingredient products from the Parent in the amount of US$35.9 million, US$7.9 million and US$3.1 million during the fiscal years ended March 31, 2014, 2015 and 2016, respectively, and US$0.2 million and US$2.0 million during the three months ended June 30, 2015 and 2016, respectively.

We also purchase life science ingredient products from Jubilant Life Science International Pte Limited Singapore for trading in China. We purchased life science ingredient products in the amount of US$46.8 million, US$32.7 million and US$12.9 million during the fiscal years ended March 31, 2014, 2015 and 2016, respectively, and US$4.8 million and US$0.7 million during the three months ended June 30, 2015 and 2016, respectively.

All the above transactions are entered into at arm's length and the prices are determined based on market rate.

Recovery of Expenses and Utility Charges

We recover expenses and utilities charges from the Parent and other related parties for the provision of office space, utilities services, support services, employee support service and others. In the fiscal years ended March 31, 2014, 2015 and 2016, recovery of expenses and utilities charges amounted to US$0.8 million, US$0.6 million and US$0.9 million, respectively, and US$0.2 million and US$1.0 million during the three months ended June 30, 2015 and 2016, respectively. Our recovery of expenses and utilities charges relate primarily to the recovery of expenses and utilities charges from the Parent and Jubilant Life Sciences (USA) Inc. The expenses and utility charges recovered are based on cost.

Reimbursement of Expenses

We reimburse the Parent and other related parties for expenses incurred on our behalf. The Parent provides services at a corporate level, which include management and consultancy services for financial structuring, supply chain, business excellence, human resources, legal, taxation, secretarial, public affairs and corporate communication, ERP Licenses and other common costs incurred at corporate level and costs are shared under a cost sharing agreement. In the fiscal years ended March 31, 2014, 2015 and 2016, reimbursement of expenses amounted to US$1.2 million, US$8.2 million and US$7.3 million, respectively, and US$1.6 million and US$1.6 million during the three months ended June 30, 2015 and 2016, respectively. Reimbursement of expenses primarily pertain to the Parent. The expenses are reimbursed at cost.

Rent

We rent office space from various related parties. In the fiscal years ended March 31, 2014, 2015 and 2016, our rent expenses amounted to nil, US$0.7 million and US$0.8 million, respectively, and US$0.2 million and US$0.2 million during the three months ended June 30, 2015 and 2016, respectively. Rent expenses primarily pertain to the Parent. Rent expenses are paid at market rate.

Loans taken and Repayment of Loans

The Group has taken various loans from the Parent. Loans in the principal amount of US$13.5 million and US$13.0 million were taken from the Parent during the fiscal years ended March 31, 2014 and 2015. respectively and a loan in the principal amount of US$3.0 million was taken from Jubilant Innovation (USA) Inc during the three months ended June 30, 2016. During the fiscal years ended March 31, 2015 and 2016, loans in the principal amount of US$23.7 million and US$13.3 million, respectively, were repaid to the Parent and a loan of US$6.0 million was repaid during the three months ended June 30, 2016. The Group received back a loan in the principal amount of US$2.2 million from Jubilant Life Sciences International Pte. Limited during the fiscal year ended March 31, 2014 which was given by the Company during earlier years.

We incurred interest expense of US$0.1 million, US$7.9 million and US$0.4 million on related party loans during the fiscal years ended March 31, 2014, 2015 and 2016, respectively, and negative interest expense of US$1.1 million during the three months ended June 30, 2015, which negative interest expense was on account of a retrospective revisions in the applicable rate of interest.

Purchase of Shares and Business

The Group purchased shares held by the Parent in Jubilant Pharma Holdings Inc and Jubilant Pharma NV for a total consideration of US$67.7 million and also purchased an APIs and solid dosage formulations business from the Parent for a total consideration of US$220.7 million, in each case in the fiscal year ended March 31, 2015.

Trade and other Payables and Receivable

As a result of various related party transactions, we had trade and other payables of US$27.3 million, US$18.3 million, US$14.5 million and US$11.6 million as at March 31, 2014, 2015 and 2016 and as at June 30, 2016, respectively. We had trade and other receivables of US$2.8 million, US$0.3 million, US$0.6 million and US$0.5 million as at March 31 2014, 2015 and 2016 and as at June 30, 2016, respectively. Trade and other payables primarily pertain to the Parent and Jubilant Life Sciences International Pte Limited.

Loans Payable

As at March 31, 2014, 2015 and 2016 and as at June 30, 2016, we had loans payable to the Parent in the principal amount of US$23.8 million, US$86.0 million, US$5.6 million and US$5.5 million, respectively. As at June 30, 2016, we had a loan payable in the amount of US$3.0 million to Jubilant Innovation (USA) Inc. The amounts payable to the Parent include amounts payable on account of purchase consideration for the APIs and solid dosage formulations business pursuant to the terms of the business transfer business. The amounts payable include interest payable as per the contractual arrangement.

DESCRIPTION OF OTHER MATERIAL INDEBTEDNESS

Our principal sources of external financing include short-term as well as long-term facilities (in U.S. dollars). As at June 30, 2016 our loans outstanding (comprising of short-term borrowings, long-term borrowings and current maturities of long-term borrowings) (without netting of debt initiation costs) was US$368.6 million, 69.8% of our total loans, as at June 30, 2016, were denominated in U.S. dollars.

As at June 30, 2016, 76.3% of our total loans represent long-term borrowings on secured basis. Our long-term borrowings also include rupee borrowings of Rs.4,129.5 million (US$61.2 million).

Further, we also have arrangements with various banks and financial institutions to meet our short-term working capital requirements. As at June 30, 2016, 7.4% of our total loans represented short-term borrowings. Our short term borrowings also include rupee borrowings of Rs. 1776.0 million (US$26.3 million).

The credit facilities entered into by us in each case, with the Company as the borrower and which remained outstanding as at June 30, 2016 are listed below:

Long Term Loans

Borrower	Lenders	Facility Description	Sanctioned Amount	Maturity	Outstanding amount as at June 30, 2016	Financial Covenants	Security
Jubilant Cadista	ICICI Bank, New York Branch & ICICI Bank, Canada	U.S. dollar term loan	US$35.0 million	July, 2021	US$35.0 million	1. To be tested Annually on combined basis with Jubilant Draximage (without double counting). Ratio of Financial debt to EBITDA of less than or equal to 4.25 times; DSCR ratio of greater than or equal to 1.2; Interest Coverage ratio of greater than or equal to 4.0. 2. To be tested Annually on standalone basis , Security coverage ratio of not less than 1.0.	i) First pari-passu charge over all of its current and fixed assets. ii) First pari-passu charge over all of its intangible assets (excluding goodwill). iii) Irrevocable and unconditional corporate guarantee from Jubilant Draximage.
Jubilant Draximage	ICICI Bank, New York Branch	U.S. dollar term loan	US$50.0 million	July, 2021	US$45.8 million	1. To be tested Annually on combined basis with Jubilant Cadista (without double counting). Ratio of Financial debt to EBITDA of less than or equal to 4.25; DSCR ratio of greater than or equal to 1.2; Interest Coverage ratio of greater than or equal to 4.0. 2. To be tested Annually on standalone basis, Security coverage ratio of not less than 1.0.	i) Charge over all of its property, movable and immovable, personal and real, corporeal and incorporeal, tangible and intangible, present and future of whatever nature and wherever situated. ii) Charge over all of the property, movable and immovable, personal and real, corporeal and incorporeal, tangible and intangible, present and future of whatever nature and wherever situated of Jubilant Hollisterstier General Partnership. iii) Irrevocable and unconditional corporate guarantee from Jubilant Cadista.

Borrower	Lenders	Facility Description	Sanctioned Amount	Maturity	Outstanding amount as at June 30, 2016	Financial Covenants	Security
Jubilant Generics	HDFC Bank Limited	Indian Rupee term loan	INR 750.0 million (US$11.1 million)	Dec, 2020	INR 750.0 million (US$11.1 million)	Ratio of Total debt (excluding CCD from Promoter/ group companies) to EBITDA of less than or equal to 4.5 (to be tested semi-annually); DSCR ratio of greater than or equal to 1.2 (to be tested semi-annually); Fixed Asset Coverage ratio of greater than or equal to 1.25 (to be maintained at all times)	First pari-passu charge amongst the lenders on all immovable and movable fixed assets (both present and future) of Jubilant Generics
Jubilant Generics	Indian Bank	Indian Rupee term loan	INR 1,500.0 million (US$22.2 million)	June, 2019	INR 843.8 million (US$12.5 million)	Ratio of Total debt (excluding CCD from Promoter/ group companies) to EBITDA of less than or equal to 4.5; DSCR ratio of greater than or equal to 1.2; Fixed Asset Coverage ratio of greater than or equal to 1.1. Financial covenants to be compiled on an annual basis.	First pari-passu charge amongst the lenders on all immovable and movable fixed assets (both present and future) of Jubilant Generics
Jubilant Generics	IndusInd Bank Limited	Indian Rupee term loan	INR 1,000.0 million (US$14.8 million)	Feb, 2021	INR 960.7 million (US$14.2 million)	Ratio of Total debt (excluding CCD from Promoter/ group companies) to EBITDA of less than or equal to 4.0 (to be tested annually); DSCR ratio of greater than or equal to 1.2; Fixed Asset Coverage ratio of greater than or equal to 1.2 (to be maintained at all times)	First pari-passu charge amongst the lenders on all immovable and movable fixed assets (both present and future) of Jubilant Generics
Jubilant Generics	RBL Bank Limited	Indian Rupee term loan	INR 1,300.0 million (US$19.2 million)	July, 2019	INR 731.3 million (US$10.8 million)	Ratio of Total debt (excluding CCD from Promoter/ group companies) to EBITDA of less than or equal to 4.5 (to be tested on a semi-annual basis); DSCR ratio of greater than or equal to 1.2 (to be tested on an annual basis); Fixed Asset Coverage ratio of greater than or equal to 1.1 (to be tested on a semi-annual basis).	First pari-passu charge amongst the lenders on all immovable and movable fixed assets (both present and future) of Jubilant Generics

Borrower	Lenders	Facility Description	Sanctioned Amount	Maturity	Outstanding amount as at June 30, 2016	Financial Covenants	Security
Jubilant Generics	Yes Bank Limited	Indian Rupee term loan	INR 1,500.0 million (US$22.2 million)	June, 2019	INR 843.8 million (US$12.5 million)	Ratio of Total debt (excluding CCD from Promoter/ group companies) to EBITDA of less than or equal to 4.5; DSCR ratio of greater than or equal to 1.2; Fixed Asset Coverage ratio of greater than or equal to 1.1. Financial covenants to be tested on an annual basis.	First pari-passu charge amongst the lenders on all immovable and movable fixed assets (both present and future) of Jubilant Generics
JHS	Bank of America	U.S. dollar Revolving Term Loan	US$45.0 million	September, 2017	US$27.9 million	Min EBIDTA not less than US$10 million.	i) Security interest in the receivable inventory, equipment and fixtures, deposit accounts and all general intangibles, including patents, trademarks, computer software (including any accessions, attachments, additions, substitutes or replacements thereof), books and records of JHS pertaining to the collateral more particularly described in the security interest agreement dated April 5, 2013. ii) Amended Deed of trust dated April 5, 2013 encumbering the parcel or parcels of real property owned by JHS located in Spokane County, State of Washington, USA.
The Company	International Finance Corporation	U.S. dollar term loan (the "**IFC A Loan**")	US$87.5 million	June, 2021	US$87.5 million	Ratio of Financial debt to EBITDA of less than or equal to 4.5; Prospective DSCR ratio of greater than or equal to 1.2; Interest Coverage ratio of greater than or equal to 4.0	i) Pledge over 51% of shares of Class B Common Stock of Jubilant Pharma Holdings Inc. ii) Charge over Interest Reserve Account maintained by the Company with the Account Bank. iii) Guarantee from Jubilant Pharma Holding Inc. and Jubilant Draximage guaranteeing all outstanding obligations of the borrower.

Borrower	Lenders	Facility Description	Sanctioned Amount	Maturity	Outstanding amount as at June 30, 2016	Financial Covenants	Security
The Company	International Finance Corporation	*Given in Note[1]	US$60.0 million	June, 2021	US$60.0 million	Ratio of Financial debt to EBITDA of less than or equal to 4.5; Prospective DSCR ratio of greater than or equal to 1.2; Interest Coverage ratio of greater than or equal to 4.0	Unsecured
Jubilant Draximage	ICICI Bank,Canada	Canadian. dollar term loan	CAD33.6 million (US$26.0 million)	July, 2021	CAD30.8 million (US$23.8 million)	1. To be tested Annually on combined basis with Jubilant Cadista (without double counting). Ratio of Financial debt to EBITDA of less than or equal to 4.25; DSCR ratio of greater than or equal to 1.2; Interest Coverage ratio of greater than or equal to 4.0. 2. To be tested Annually on standalone basis, Security coverage ratio of not less than 1.0.	i) Charge over all of its property, movable and immovable, personal and real, corporeal and incorporeal, tangible and intangible, present and future of whatever nature and wherever situated. ii) Charge over all of the property, movable and immovable, personal and real, corporeal and incorporeal, tangible and intangible, present and future of whatever nature and wherever situated of Jubilant Hollisterstier General Partnership. iii) Irrevocable and unconditional corporate guarantee from Jubilant Cadista.

[1] *Note: JPL Loan C note
Unsecured term loan amounting to U.S.$60,000,000 from International Finance Corporation (IFC), due for repayment on 15 June 2020 (50%) and 15 June 2021 (50%) along with the repayment premium in accordance with the terms of the contract, if on or prior to such repayment date there has been (a) Neither a Private Equity (PE) Investment nor a Qualifying IPO, or (b) There has been a PE Investment but IFC has not converted the entire loan into shares

Short Term Borrowings

Borrower	Lenders	Facility Description	Sanction Amount	Maturity	Outstanding amount as June 30, 2016	Financial Covenants	Security
Jubilant Generics	Axis Bank	INR Working capital loan within consortium	INR 450.0 million (US$6.7 million)	—	INR 250 million (US$3.7 million)	Current asset cover equal to or greater than 1.33 times the total amount of the sanctioned facilities	First charge by way of hypothecation, ranking pari-passu, of the entire book debts and receivables and inventories, both present and future, of Jubilant Generics wherever the same may be or be held.
Jubilant Generics	Deutsche Bank	INR Working Capital outside consortium	INR 1000.0 million (US$14.8 million)		INR 1000.0 million (US$14.8 million)	—	Unsecured
Jubilant Generics	ICICI Bank (as the leader of the consortium)	INR Working capital loan within consortium	INR 400.0 million (US$5.9 million)	—	INR 10.1 million (US$0.1 million)	Current asset cover equal to or greater than 1.33 times the total amount of the sanctioned facilities	First charge by way of hypothecation, ranking pari-passu, of the entire book debts and receivables and inventories, both present and future, of Jubilant Generics wherever the same may be or be held.
Jubilant Generics	Kotak Bank Limited	INR Working capital loan within consortium	INR 250.0 million (US$3.7 million)	—	INR 200.4 million (US$3.0 million)	Current asset cover equal to or greater than 1.33 times the total amount of the sanctioned facilities	First charge by way of hypothecation, ranking pari-passu, of the entire book debts and receivables and inventories, both present and future, of Jubilant Generics wherever the same may be or be held.
Jubilant Generics	RBL Bank Limited	INR Working capital loan within consortium	INR 350 million (US$5.2 million)	—	INR 99.1 million (US$1.5 million)	Current asset cover equal to or greater than 1.33 times the total amount of the sanctioned facilities	First charge by way of hypothecation, ranking pari-passu, of the entire book debts and receivables and inventories, both present and future, of Jubilant Generics wherever the same may be or be held.
Jubilant Generics	Yes Bank Limited	INR Working capital loan within consortium	INR 750.0 million (US$11.1 million)	—	INR 216.4 million (US$3.2 million)	Current asset cover equal to or greater than 1.33 times the total amount of the sanctioned facilities	First charge by way of hypothecation, ranking pari-passu, of the entire book debts and receivables and inventories, both present and future, of Jubilant Generics wherever the same may be or be held.

Borrower	Lenders	Facility Description	Sanction Amount	Maturity	Outstanding amount as June 30, 2016	Financial Covenants	Security
Jubilant Cadista	ICICI Bank, New York Branch	U.S. dollar working capital Facility	US$10.0 million	—	US$1.0 million	1. To be tested Annually on combined basis with Jubilant Draximage (without double counting). Ratio of Financial debt to EBITDA of less than or equal to 4.25; DSCR ratio of greater than or equal to 1.2; Interest Coverage ratio of greater than or equal to 4.0. 2. To be tested Annually on standalone basis, Security coverage ratio of not less than 1.0.	i) First pari-passu charge over all of its current and fixed assets ii) First pari-passu charge over all of its intangibles assets (excluding goodwill). iii) Irrevocable and unconditional corporate guarantee from Jubilant Draximage

Finance Leases

Borrower	Lenders	Facility Description	U.S. dollar Sanction Amount	Maturity	Outstanding amount as at June 30, 2016	Financial Covenants	Security
Jubilant Draximage	—	Finance Lease	—	—	US$4.8 thousand	—	Hypothecation on respective assets
Jubilant Generics	—	Finance Lease	—	—	US$118.5 thousand	—	Hypothecation on respective assets

DESCRIPTION OF THE NOTES

You can find the definitions of certain terms used in this description under the subheading "Definitions." In this description, the term "**Company**" refers only to Jubilant Pharma Limited and not to any of its Subsidiaries. The term "**Notes**" refers also to "book-entry interests" in the Notes, as defined herein.

The Company will issue the Notes under an indenture (the "**Indenture**") between the Company and The Bank of New York Mellon, London Branch, as trustee (the "**Trustee**"), in a transaction that is not subject to the registration requirements of the Securities Act. See "Notice to Investors." The terms of the Notes include those set forth in the Indenture. The Indenture will not be qualified under the U.S. Trust Indenture Act of 1939, as amended.

The following description is a summary of the material provisions of the Indenture and the Notes. It does not restate those agreements in their entirety. Certain defined terms used in this description but not defined below under the subheading "Definitions" have the meanings assigned to them in the Indenture. Copies of the Indenture will be available on or after the Original Issue Date at the corporate trust office of the Trustee.

The registered holder of a Note will be treated as the owner of such Note for all purposes. Only registered holders will have rights under the Indenture.

Brief Description of the Notes

The Notes will be general obligations of the Company and will:

- rank equally in right of payment with any existing and future Indebtedness of the Company that is not subordinated in right of payment to the Notes;

- rank senior in right of payment to any existing and future Indebtedness of the Company that is subordinated in right of payment to the Notes;

- be effectively subordinated in right of payment to any existing and future Indebtedness of the Company that is secured by liens, to the extent of the value of the assets securing such Indebtedness; and

- be effectively subordinated to all existing and future obligations of the Company's Subsidiaries.

The Company conducts its operations through its Subsidiaries and, therefore, the Company depends on the cash flow of its Subsidiaries to meet its obligations, including to service its obligations under the Notes. The Notes will be effectively subordinated in right of payment to all Indebtedness and other liabilities and commitments (including trade payables and lease obligations) of the Company's Subsidiaries. In the event of a bankruptcy, liquidation or reorganization of a Subsidiary, the applicable Subsidiary will pay the holders of its debt and its trade and other creditors (including specified statutory dues) before it will be able to distribute any of its remaining assets to us.

Although the Indenture will contain limitations on the amount of additional Indebtedness that the Company and its Restricted Subsidiaries may incur, the amount of such additional Indebtedness could be substantial. See "*Risk Factors—Risks Associated with Our Business—We have incurred significant indebtedness, and we must service this debt and comply with our covenants to avoid refinancing risk.*"

Principal, Maturity and Interest

The Company will issue the Notes in the aggregate principal amount of US$300,000,000 million pursuant to the Indenture. Subject to the covenant described under "*—Certain Covenants—Limitation on Indebtedness*," the Company is permitted to issue additional Notes (the "**Additional Notes**") under the Indenture from time to time after the Original Issue Date. Any issuance of Additional Notes is subject to the covenants in the Indenture. The Notes and any Additional Notes that are issued will be treated as a single class for all purposes of the Indenture, including, without limitation, those with respect to waivers, amendments, redemptions and offers to purchase, except as otherwise provided for in the Indenture. Unless the context requires otherwise, references to the "Notes" for all purposes of the Indenture and this "Description of the Notes" include any Additional Notes that are actually issued.

The Notes will bear interest at 4.875% per annum from the Original Issue Date or from the most recent interest payment date to which interest has been paid or duly provided for, payable semi-annually in arrears on April 6 and October 6 of each year (each an "**Interest Payment Date**"), commencing on April 6, 2017. Interest on the Notes will be paid to Holders of record at the close of business on March 22 or September 21 immediately preceding an Interest Payment Date (each, a "**Record Date**"), notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the immediately following Interest Payment Date. In any case in which the date of the payment of principal of, premium on or interest on the Notes is not a Business Day in the relevant place of payment, then payment of principal, premium or interest need not be made in such place on such date but may be made on the next succeeding Business Day in such place. Any payment made on such Business Day shall have the same force and effect as if made on the date on which such payment is due, and no interest on the Notes shall accrue for the period after such date. Interest on the Notes will be calculated on the basis of a 360-day year comprised of twelve 30-day months. Interest on overdue principal and interest and Additional Amounts and premium, if any, will accrue at a rate that is 1% higher than the then applicable interest rate on the Notes. In no event will the rate of interest on the Notes be higher than the maximum rate permitted by applicable law.

All payments on the Notes will be made in U.S. dollars by the Company at the office or agency of the Company maintained for that purpose in Singapore or where the Paying Agent is located (which initially will be One Canada Square, London E14 5AL, United Kingdom), and the Notes may be presented for registration of transfer or exchange at such office or agency; *provided* that, at the option of the Company, payment of interest may be made by check mailed to the address of the Holders as such address appears in the Note register maintained by the Registrar or by wire transfer. Interest payable on the Notes held through Euroclear and Clearstream will be available to Euroclear and Clearstream participants on the Business Day following payment thereof.

The Notes will mature on October 6, 2021, unless redeemed earlier pursuant to the terms of the Notes and the Indenture.

Designation of Restricted and Unrestricted Subsidiaries

Under the circumstances described below under "*—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries*," the Company will be permitted to designate certain of its future Subsidiaries as "Unrestricted Subsidiary." The Company's Unrestricted Subsidiaries will not be subject to the restrictive covenants in the Indenture.

Jubilant Life Sciences (Shanghai) Limited will be deemed to be an Unrestricted Subsidiary as of the Original Issue Date for purposes of the Indenture. Jubilant Life Sciences (Shanghai) Limited generated revenue of US$4.2 million and US$20.3 million for the three months ended June 30, 2016 and fiscal year ended March 31, 2016, respectively, generated EBITDA of US$0.1 million and US$(0.3) million for the three months ended June 30, 2016 and fiscal year ended March 31, 2016, respectively, and had assets of US$7.7 million as of June 30, 2016.

Optional Redemption

At any time prior to October 6, 2019, upon not less than 30 nor more than 60 days' notice, the Company may on any one or more occasions redeem all or part of the Notes at a redemption price equal to 100% of the principal amount thereof plus the Applicable Redemption Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to, the redemption date, subject to the rights of Holders on the relevant Record Date to receive interest due on the relevant Interest Payment Date. Neither the Trustee nor the Paying Agent shall be responsible for calculating or verifying the Applicable Redemption Amount.

At any time prior to October 6, 2019, upon not less than 30 days nor more than 60 days' notice, the Company may also redeem up to 35% of the aggregate principal amount of Notes at a redemption price of 104.875% of their principal amount, plus accrued and unpaid interest and Additional Amounts, if any, to the redemption date, with the proceeds from one or more Equity Offerings of the Company. The Company may only do this, however, if:

(a) at least 65% of the aggregate principal amount of Notes that were initially issued would remain outstanding immediately after the proposed redemption; and

(b) the redemption occurs within 120 days after the closing of such Equity Offering.

At any time on or after October 6, 2019 and prior to maturity, upon not less than 30 nor more than 60 days' notice, the Company may redeem all or part of the Notes at the following redemption prices (expressed as percentages of their principal amount at maturity), plus accrued and unpaid interest and Additional Amounts, if any, to the redemption date, if redeemed during the 12-month period commencing on October 6 of the years set forth below:

Year	Redemption Price
2019	102.43750%
2020	101.21875%
2021 and thereafter	100.00000%

Unless the Company defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

In connection with any redemption of Notes, any such redemption or notice may, at the Company's discretion, be subject to one or more conditions precedent. In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice may state that, in the Company's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed.

Repurchase of Notes Upon a Change of Control

Not later than 30 days following a Change of Control, unless the Company has previously or concurrently sent a redemption notice with respect to all, but not part, of the outstanding Notes as described under "*—Optional Redemption*," the Company will make an Offer to Purchase all outstanding Notes (a "**Change of Control Offer**") at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the Offer to Purchase Payment Date (as defined in clause (2) of the definition of "Offer to Purchase").

The Company has agreed in the Indenture that, following a Change of Control, it will timely repay all Indebtedness or obtain consents as necessary under or terminate, agreements or instruments that would otherwise prohibit a Change of Control Offer required to be made pursuant to the Indenture. Notwithstanding this agreement of the Company, it is important to note that if the Company is unable to repay (or cause to be repaid) all of the Indebtedness, if any, that would prohibit the repurchase of the Notes or is unable to obtain the requisite consents of the holders of such Indebtedness, or terminate any agreements or instruments that would otherwise prohibit a Change of Control Offer, it would continue to be prohibited from purchasing the Notes. In that case, the Company's failure to purchase tendered Notes would constitute an Event of Default under the Indenture.

Future debt of the Company may also (1) prohibit the Company from purchasing Notes in the event of a Change of Control; (2) provide that a Change of Control is a default; or (3) require repurchase of such debt upon a Change of Control. Moreover, the purchase of the Notes by the Company could cause a default under other Indebtedness, even if the Change of Control itself does not, due to the financial effect of the purchase on the Company. The Company's ability to pay cash to the Holders following the occurrence of a Change of Control may be limited by the Company's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes.

The Company will not be required to make a Change of Control Offer following a Change of Control if a third-party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer.

The definition of Change of Control includes a phrase relating to the sale of "all or substantially all" the assets of the Company. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a Holder of Notes to require the Company to repurchase such Holder's Notes as a result of a sale of less than all the assets of the Company to another person or group may be uncertain and will depend upon particular facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer of "all or substantially all" the assets of the Company has occurred.

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Company purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

No Mandatory Redemption or Sinking Fund; Open Market Purchases

The Company will not be required to make mandatory redemption (other than in the manner described under "*—Repurchase of Notes Upon a Change of Control*") or sinking fund payments with respect to the Notes. Subject to compliance with applicable law, the Company and its Affiliates may, at their discretion, at any time from time to time purchase the Notes in the open market or otherwise; *provided* that such Notes are promptly cancelled.

Additional Amounts

All payments by or on behalf of the Company or a Surviving Person (as defined under "*—Consolidation, Merger and Sale of Assets*") of principal of, and premium (if any) and interest under or with respect to the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, levies, imposts, assessments or governmental charges of whatever nature (including, without limitation, penalties and interest and other similar liabilities related thereto) ("**Taxes**" and "**Tax**" shall be construed accordingly) imposed or levied by or within any jurisdiction in which the Company or a Surviving Person is organized or resident for Tax purposes or any political subdivision or Tax authority thereof or therein (each, as applicable, a "**Relevant Taxing Jurisdiction**") or any jurisdiction through which payment is made or any political subdivision or Tax authority thereof or therein (together with the Relevant Taxing Jurisdictions, the "**Relevant Jurisdictions**"), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Company or a Surviving Person, as the case may be, will pay such additional amounts ("**Additional Amounts**") as may be necessary so that the net amounts after such withholding or deduction equal such amounts as would have been received had no such withholding or deduction been required, except that no Additional Amounts shall be payable:

(1) for or on account of:

(a) any Taxes that would not have been imposed but for:

(i) the existence of any present or former connection between the Holder or beneficial owner of such Note and the Relevant Jurisdiction other than merely acquiring or holding such Note, the enforcement of rights thereunder or the receipt of payments thereunder, including, without limitation, such Holder or beneficial owner being or having been a national, domiciliary or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein;

(ii) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, and interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period; or

(iii) the failure of the Holder or beneficial owner to comply with a timely written request of the Company or a Surviving Person addressed to the Holder to provide information concerning such Holder's or beneficial owner's nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that such Holder or beneficial owner is legally entitled to do so and that due and timely compliance with such request would have reduced or eliminated any withholding or deduction as to which Additional Amounts would have otherwise been payable; or

(b) any estate, inheritance, gift, sale, transfer, personal property or similar Tax;

(c) any Taxes to the extent such Taxes result from the presentation of the Note (where presentation is required) for payment in a Relevant Jurisdiction and the payment can be made without such withholding or deduction by the presentation of the Note for payment elsewhere; or

(d) any combination of the items referred to in the preceding clauses (a), (b), (c) and (d); or

(2) to a Holder that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in the income under the laws of the Relevant Jurisdiction, for Tax purposes, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner or beneficial owner been the Holder thereof.

The Company or Surviving Person will (i) make such withholding or deduction required by applicable law and (ii) remit the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law. The Company or Surviving Person will upon request, make reasonable efforts to obtain certified copies of Tax receipts evidencing the payment of any Taxes so deducted or withheld. Upon request, the Company or Surviving Person will furnish to the Holders and the Trustee, within 60 days after the date the payment of any Taxes so deducted or withheld is due pursuant to applicable law, either certified copies of Tax receipts evidencing such payment or, if such receipts are not obtainable, other evidence of such payments.

At least 30 days prior to each date on which any payment under or with respect to the Notes is due and payable, if the Company or Surviving Person will be obligated to pay Additional Amounts with respect to such payment, the Company or Surviving Person will deliver to the Trustee an Officer's Certificate stating the fact that such Additional Amounts will be payable and the amounts so payable and will set forth such other information necessary to enable the Paying Agent to pay such Additional Amounts to the Holders on such payment date.

In addition, the Company or Surviving Person will pay and indemnify the Holders or beneficial owners for any stamp, issue, registration, documentary, transfer, court, excise, property, value added or other similar Taxes and other duties (including interest and penalties) payable in any Relevant Jurisdiction in respect of the creation, issue, offering, delivery, registration, execution or enforcement of the Notes, or any documentation with respect thereto or the receipt of any payments with respect thereto.

Whenever there is mentioned in any context the payment of principal of, and any premium or interest in respect of, any Note, such mention shall be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The above obligation will survive any termination, defeasance or discharge of the Indenture, any transfer by a Holder or beneficial owner of the Notes, and will apply, *mutatis mutandis*, to any jurisdiction in which the Company or Surviving Person is then incorporated, organized, or resident for Tax purposes or any jurisdiction from or through which such person makes any payment on the Notes and any political subdivision or Tax authority or agency thereof or therein having the power to tax.

Redemption for Taxation Reasons

The Notes may be redeemed, at the option of the Company or a Surviving Person with respect to the Company, as a whole but not in part, at any time, upon giving not less than 30 days' nor more than 60 days' notice to the Holders (which notice shall be irrevocable) and upon reasonable written notice in advance of such notice to the Holders and the Trustee, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Company or the Surviving Person, as the case may be, for redemption if, as a result of:

(1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction affecting taxation; or

(2) any change in the existing written official position or the stating of an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change, amendment, application or interpretation becomes effective or, in the case of an official position, is announced (i) except as described in (ii) below, on or after the Original Issue Date, or (ii) with respect to any Surviving Person whose Relevant Taxing Jurisdiction has not been a Relevant Taxing Jurisdiction immediately before the date such Surviving Person became a Surviving Person, on or after the date such Surviving Person becomes a Surviving Person, with respect to any payment due or to become due under the Notes or the Indenture, the Company or a Surviving Person, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts, and such requirement cannot be avoided by the taking of reasonable measures by the Company or a Surviving Person, as the case may be; *provided* that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company or a Surviving Person, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

Prior to the mailing of any notice of redemption of the Notes pursuant to the foregoing, the Company or a Surviving Person, as the case may be, will deliver to the Trustee at least 30 days but not more than 60 days before a redemption date:

(1) an Officer's Certificate stating that such change or amendment referred to in the prior paragraph has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Company or a Surviving Person, as the case may be, taking reasonable measures; and

(2) an Opinion of Counsel or an opinion of a tax consultant, in either case of recognized standing with respect to tax matters of the Relevant Taxing Jurisdiction, stating that the requirement to pay such Additional Amounts results from such change or amendment referred to in the prior paragraph.

The Trustee shall accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it shall be conclusive and binding on the Holders.

Any Notes that are redeemed will be cancelled.

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture.

Limitation on Indebtedness

(1) The Company will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness), provided that the Company and any Restricted Subsidiary may Incur Indebtedness (including Acquired Indebtedness) if, after giving *pro forma* effect to the Incurrence of such Indebtedness and the receipt and application of the proceeds therefrom, (a) the Fixed Charge Coverage Ratio would not be less than 3.0 to 1.0, and (b) if such Indebtedness constitutes Priority Indebtedness, on the date of the Incurrence of such Indebtedness and after giving effect thereto such Indebtedness constitutes Permitted Priority Indebtedness, and (c) if such Indebtedness constitutes Secured Company Indebtedness, on the date of the Incurrence of such Indebtedness and after giving effect thereto such Indebtedness constitutes Permitted Secured Company Indebtedness.

(2) Notwithstanding the foregoing, the Company and any Restricted Subsidiary may Incur, to the extent provided below, each and all of the following ("**Permitted Indebtedness**"):

(a) Indebtedness represented by the Notes issued on the Original Issue Date;

(b) Indebtedness of the Company or any Restricted Subsidiary outstanding on the Original Issue Date after giving pro forma effect to the offering of the Notes and the use of proceeds therefrom;

(c) Indebtedness of the Company or any Restricted Subsidiary owed to the Company or any Restricted Subsidiary; *provided* that (i) any event which results in (A) any such Restricted Subsidiary to which such Indebtedness is owed ceasing to be a Restricted Subsidiary or (B) any subsequent transfer of such Indebtedness (other than to the Company or any Restricted Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (2)(c), (ii) if the Company is the obligor of such Indebtedness, such Indebtedness must be unsecured and be expressly subordinated in right of payment to the Notes and (iii) if the Indebtedness is owed to the Company, such Indebtedness must be evidenced by an unsubordinated promissory note or a similar instrument under applicable law;

(d) Indebtedness of the Company or any Restricted Subsidiary issued in exchange for, or the net proceeds of which are used to refinance or refund, replace, exchange, renew, repay, redeem, defease, discharge or extend (collectively, "refinance" and "refinances" and "refinanced" shall have a correlative meaning) ("**Permitted Refinancing Indebtedness**"), then outstanding Indebtedness (or Indebtedness repaid substantially concurrently with, but in any case before, the Incurrence of such Permitted Refinancing Indebtedness) Incurred under clauses (1), (2)(a), (2)(b) or (2)(g) of this covenant and any refinancing thereof in an amount not to exceed the amount so refinanced or refunded (plus premiums, accrued interest, fees and expenses); *provided* that the Indebtedness to be refinanced is fully and

irrevocably repaid no later than 30 days after the Incurrence of the Permitted Refinancing Indebtedness; and *provided further* that (i) Indebtedness the proceeds of which are used to refinance or refund the Notes or Indebtedness that is *pari passu* with, or subordinated in right of payment to, the Notes shall only be permitted under this clause (2)(d) if (A) in case the Notes are refinanced in part or the Indebtedness to be refinanced is *pari passu* with the Notes, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is outstanding, is expressly made *pari passu* with, or subordinate in right of payment to, the remaining Notes, if any, or (B) in case the Indebtedness to be refinanced is subordinated in right of payment to the Notes, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes, (ii) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the earlier of the final maturity date of the Notes and the Stated Maturity of the Indebtedness to be refinanced, and the Average Life of such new Indebtedness is at least equal to the later of the remaining Average Life of the Indebtedness to be refinanced or more than 180 days after the final maturity date of the Notes; (iii) in no event may Indebtedness of the Company be refinanced pursuant to this paragraph by means of any Indebtedness of any Restricted Subsidiary (other than for the purposes of repaying the Notes in full); and (iv) in no event may unsecured Indebtedness of the Company be refinanced pursuant to this clause with secured Indebtedness (other than for the purposes of repaying the Notes in full);

(e) Indebtedness Incurred by the Company or any Restricted Subsidiary pursuant to Hedging Obligations entered into in the ordinary course of business and designed solely to protect the Company or any Restricted Subsidiary from fluctuations in interest rates, currencies or the price of commodities and not for speculation (or to reverse or amend or terminate any such agreements previously made for such purposes);

(f) Indebtedness Incurred by the Company or any Restricted Subsidiary with a maturity of one year or less for working capital in an aggregate principal amount at any one time outstanding (together with refinancings thereof) of all Indebtedness Incurred under this clause (2)(f) not to exceed 20.0% of Total Revenue (or the Dollar Equivalent thereof) ("**Permitted Working Capital Indebtedness**");

(g) the Guarantee by the Company or any Restricted Subsidiary of Indebtedness of the Company or any Restricted Subsidiary permitted to be incurred by this covenant;

(h) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently, except in the case of daylight overdrafts, drawn against insufficient funds in the ordinary course of business; *provided, however,* that this Indebtedness is extinguished within five Business Days;

(i) Indebtedness of the Company or any Restricted Subsidiary in respect of workers' compensation claims and claims arising under similar legislation, or in connection with self-insurance or similar requirements, in each case in the ordinary course of business;

(j) Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for indemnification, adjustment of purchase price, or other similar obligations, in each case Incurred or assumed in connection with the disposition of any business, assets of the Company or of a Restricted Subsidiary, other than Guarantees of Indebtedness Incurred by

any Person acquiring all or any portion of any of the Company's or a Restricted Subsidiary's business or assets for the purpose of financing an acquisition; *provided, however,* that the maximum assumable liability in respect of all this Indebtedness shall at no time exceed the gross proceeds actually received by the Company and/or the relevant Restricted Subsidiary in connection with the disposition;

(k) obligations with respect to trade letters of credit, performance and surety bonds and completion guarantees provided by the Company or any Restricted Subsidiary securing obligations, entered into in the ordinary course of business, to the extent the letters of credit, bonds or guarantees are not drawn upon or, if and to the extent drawn upon is honored in accordance with its terms and, if to be reimbursed, is reimbursed in accordance with the terms of demand following receipt of a demand for reimbursement following payment on the letter of credit, bond or guarantee; and

(l) Indebtedness of the Company or any Restricted Subsidiary not otherwise specifically permitted under clauses (2)(a) through (2)(k) above in an aggregate amount at any time outstanding (together with refinancings thereof) not to exceed US$10.0 million (or the Dollar Equivalent thereof);

provided that, if any Indebtedness Incurred under this clause (2) constitutes (a) Priority Indebtedness, on the date of the Incurrence of such Indebtedness and after giving effect thereto, such Indebtedness constitutes Permitted Priority Indebtedness, and (b) Secured Company Indebtedness, on the date of the Incurrence of such Indebtedness and after giving effect thereto, such Indebtedness constitutes Permitted Secured Company Indebtedness.

For purposes of determining compliance with this "—*Limitation on Indebtedness*" covenant, in the event that an item of Indebtedness meets the criteria of more than one of the types of Permitted Indebtedness or is permitted to be Incurred pursuant to clause (1) of this covenant, the Company may, in its sole discretion, classify, and from time to time may reclassify, such item of Indebtedness and only be required to include the amount of such Indebtedness as one of such types.

The accrual of interest, the accretion or amortization of original issue discount and the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, will not be deemed to be an incurrence of Indebtedness for purposes of this covenant; *provided*, in each such case, that the amount of any such accrual, accretion, amortization or payment is included in Consolidated Interest Expense of the Company as accrued.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or any Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred (or first committed, in the case of revolving credit debt); *provided*, that if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness

being refinanced. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing.

The amount of any Indebtedness outstanding as of any date will be:

(1) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount;

(2) the principal amount of the Indebtedness, in the case of any other Indebtedness; and

(3) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of (a) the Fair Market Value of such assets at the date of determination and (b) the amount of the Indebtedness of the other Person.

Limitation on Restricted Payments

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly (the payments or any other actions described in clauses (1) through (5) below being collectively referred to as "**Restricted Payments**"):

(1) declare or pay any dividend or make any distribution on or with respect to the Company's or any of the Restricted Subsidiaries' Capital Stock (other than dividends or distributions payable solely in shares of Capital Stock of the Company or such Restricted Subsidiary (other than Disqualified Stock or Preferred Stock) or in options, warrants or other rights to acquire shares of such Capital Stock) held by Persons other than the Company or any Wholly Owned Restricted Subsidiary;

(2) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock of the Company or any Parent Entity of the Company (including options, warrants or other rights to acquire such shares of Capital Stock) held by any Persons other than the Company or any Restricted Subsidiary;

(3) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other voluntary or optional acquisition or retirement for value, of Subordinated Indebtedness (excluding any intercompany Indebtedness between or among the Company and any Restricted Subsidiary or among Restricted Subsidiaries);

(4) make any principal or interest payment on, or repurchase, redeem, defease or otherwise acquire or retire any Subordinated Shareholder Funding (other than the payment of interest in the form of additional Subordinated Shareholder Funding); or

(5) make any Investment, other than a Permitted Investment;

if, at the time of, and after giving effect to, the proposed Restricted Payment:

(a) a Default has occurred and is continuing or would occur as a result of such Restricted Payment;

(b) the Company could not Incur at least US$1.00 of Indebtedness under the Fixed Charge Coverage Ratio described in the first paragraph under "*—Limitation on Indebtedness*"; or

(c) such Restricted Payment, together with the aggregate amount of all Restricted Payments made by the Company and the Restricted Subsidiaries after the Original Issue Date, shall exceed the sum of:

(i) 50% of the aggregate amount of the Consolidated Net Income of the Company (or, if the Consolidated Net Income is a loss, minus 100% of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on the first day of the fiscal quarter in which the Original Issue Date occurs and ending on the last day of the Company's most recently ended fiscal quarter for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner and which may be internal financial statements) are available and have been provided to the Trustee at the time of such Restricted Payment; plus

(ii) 100% of the aggregate Net Cash Proceeds received by the Company after the Original Issue Date in the form of Subordinated Shareholder Funding or as a capital contribution to its common equity by, or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to a Person who is not a Subsidiary of the Company, including any such Net Cash Proceeds received upon (A) the conversion by a Person who is not a Subsidiary of the Company of any Indebtedness (other than Subordinated Indebtedness) of the Company into Capital Stock (other than Disqualified Stock) of the Company, or (B) the exercise by a Person who is not a Subsidiary of the Company of any options, warrants or other rights to acquire Capital Stock of the Company (other than Disqualified Stock), in each case after deducting the amount of any such Net Cash Proceeds used to redeem, repurchase, defease or otherwise acquire or retire for value any Subordinated Indebtedness, Subordinated Shareholder Funding or Capital Stock of the Company or any Restricted Subsidiary; plus

(iii) the amount by which Indebtedness of the Company is reduced on the Company's consolidated balance sheet upon the conversion or exchange (other than by a Subsidiary of the Company) subsequent to the Original Issue Date of any Indebtedness of the Company convertible or exchangeable for Capital Stock (other than Disqualified Stock) of the Company (less the amount of any cash, or the Fair Market Value of any other property, distributed by the Company upon such conversion or exchange); *provided, however,* that the foregoing amount shall not exceed the Net Cash Proceeds received by the Company from the Incurrence of such Indebtedness; plus

(iv) an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) that were made after the Original Issue Date in any Person resulting from (A) payments of interest on Indebtedness, dividends or repayments of loans or advances by such Person, in each case to the Company or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income) after the Original Issue Date, (B) the unconditional release of a Guarantee provided by the Company or a Restricted Subsidiary after the Original Issue Date of an obligation of another Person (other than the Company or any Restricted Subsidiary), (C) to the extent that an Investment made after the Original Issue Date is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (y) the initial amount of such Investment, or (D) from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, not to exceed, in each case, the amount of Investments (other than Permitted Investments) made by the Company or a Restricted Subsidiary after the Original Issue Date in any such Person and treated as a Restricted Payment.

The foregoing provision shall not be violated by reason of:

(1) the payment of any dividend or irrevocable redemption of any Capital Stock within 60 days after the related date of declaration or call for redemption if, at said date of declaration or call for redemption, such payment or redemption would comply with the preceding paragraph;

(2) the payment of any dividends or distributions declared, paid or made by a Restricted Subsidiary, to the holders of such Restricted Subsidiary's Capital Stock, majority of which is held, directly or indirectly through Restricted Subsidiaries, by the Company, on a pro rata basis or on a basis more favorable to the Company;

(3) the redemption, repurchase or other acquisition of Capital Stock of the Company (or options, warrants or other rights to acquire such Capital Stock) or any Restricted Subsidiary or the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Shareholder Funding, in each case in exchange for, or out of the Net Cash Proceeds of (a) a substantially concurrent capital contribution or sale (other than to a Subsidiary of the Company) of, shares of Capital Stock (other than Disqualified Stock) of the Company or such Restricted Subsidiary (or options, warrants or other rights to acquire such Capital Stock) or (b) Subordinated Shareholder Funding; *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph;

(4) the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Company or any preferred stock of a Restricted Subsidiary issued on or after the date of the Indenture that was permitted to be issued pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*";

(5) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company with the Net Cash Proceeds of, or in exchange for, a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;

(6) any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Disqualified Stock of the Company or preferred stock of a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Disqualified Stock of the Company or preferred stock of a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" and that in each case constitutes Permitted Refinancing Indebtedness;

(7) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent capital contribution or sale (other than to a Subsidiary of the Company) of, shares of the Capital Stock (other than Disqualified Stock) of the Company (or options, warrants or other rights to acquire such Capital Stock); *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph;

(8) the repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Company or any Restricted Subsidiaries (or options, warrants or other rights to acquire such Capital Stock) held by any future, current or former officer, director or employee of the Company or any direct or indirect parent entities or Restricted Subsidiaries (or any such Person's assigns, estates or heirs) pursuant to any equity subscription agreement, stock option agreement,

shareholders' agreement or similar plans or other contractual arrangements or agreements; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Capital Stock may not exceed US$7.0 million (or the Dollar Equivalent thereof) in any fiscal year;

(9) (i) the repurchase of Capital Stock deemed to occur upon the exercise of options, warrants or other rights in respect thereof if such Capital Stock represents all or a portion of the exercise price thereof and (ii) repurchases of Capital Stock deemed to occur upon the withholding of a portion of the Capital Stock granted or awarded to a director, employee or consultant to pay for the Taxes payable by such director, employee or consultant upon such grant or award;

(10) Restricted Payments by the Company or any Restricted Subsidiary to allow the payment of cash in lieu of the issuance of fractional shares upon the exercise of options or warrants or upon the conversion or exchange of Capital Stock of any such Person;

(11) Restricted Payments up to an aggregate amount not to exceed US$10.0 million (or the Dollar Equivalent thereof); and

(12) Restricted Payments to the Company's Parent Entity of an amount not to exceed US$50.0 million (whether by way of a declaration and payment of a dividend, reduction in the Capital Stock of the Company or otherwise) as described in this offering memorandum under the heading "Use of Proceeds";

provided that, in the case of clauses (2), (3), (4) and (11) of this paragraph, no Event of Default shall have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein. Each Restricted Payment made pursuant to clauses (1) and (11) of this paragraph shall be included in calculating whether the conditions of clause (c) of the first paragraph of this "*—Limitation on Restricted Payments*" covenant have been met with respect to any subsequent Restricted Payments.

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The value of any assets or securities (other than cash) that are required to be valued by this covenant will be the Fair Market Value. The Board of Directors' determination of the Fair Market Value of any assets (including securities) other than cash in a Restricted Payment or a series of related Restricted Payments must be based upon an opinion or an appraisal issued by an appraisal or investment banking firm of recognized standing if the expected Fair Market Value exceeds US$10.0 million (or the Dollar Equivalent thereof) and such determination must be contained in a Board Resolution set forth in an Officer's Certificate that is provided to the Trustee.

Not later than the date of making any Restricted Payment in excess of US$10.0 million (or the Dollar Equivalent thereof), the Company will deliver to the Trustee an Officer's Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this "*—Limitation on Restricted Payments*" covenant were computed, together with a copy of any fairness opinion or appraisal required by the Indenture.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

(1) Except as provided below, the Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:

(a) pay dividends or make any other distributions on any Capital Stock of such Restricted Subsidiary owned by the Company or any other Restricted Subsidiary;

(b) pay any Indebtedness or other obligation owed to the Company or any other Restricted Subsidiary;

(c) make loans or advances to the Company or any other Restricted Subsidiary; or

(d) sell, lease or transfer any of its property or assets to the Company or any other Restricted Subsidiary.

(2) The provisions of clause (1) do not apply to any encumbrances or restrictions:

(a) existing in agreements as in effect on the Original Issue Date, or in the Notes or the Indenture, or any extensions, refinancings, renewals or replacements of any of the foregoing agreements; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

(b) existing under or by reason of applicable law, rule, regulation or order;

(c) existing with respect to any Person or the property or assets of such Person acquired by the Company or any Restricted Subsidiary, at the time of such acquisition and not incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired, and any extensions, refinancings, renewals or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

(d) that otherwise would be prohibited by the provision described in clause (1) of this covenant if they arise, or are agreed to, in the ordinary course of business and (i) restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease or license, (ii) exist by virtue of any Lien on, or agreement to transfer, option or similar right with respect to any property or assets of the Company or any Restricted Subsidiary not otherwise prohibited by the Indenture or (iii) do not relate to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Company or any Restricted Subsidiary in any manner material to the Company or any Restricted Subsidiary;

(e) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary that is permitted by the "*—Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries*," "*—Limitation on Indebtedness*" and "*—Limitation on Asset Sales*" covenants;

(f) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness permitted under the "*—Limitation on Indebtedness*" covenant if, as determined by the Board of Directors, the encumbrances or restrictions (i) are customary for such type of agreement and (ii) would not, at the time agreed to, be expected to materially and adversely affect the ability of the Company to make required payments on the Notes;

(g) existing under or by reason of purchase money obligations for property acquired in connection with the Permitted Business and Capitalized Lease Obligations that impose restrictions on the property purchased or leased of the nature described in clause (1)(d) and are incurred in accordance with the "*—Limitation on Indebtedness*" covenant;

(h) existing under or by reason of customary non-assignment provisions in contracts and licenses entered into in connection with the Permitted Business;

(i) existing under or by reason of provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale and leaseback agreements, stock sale agreements and other similar agreements entered into with the approval of the Company's Board of Directors, if the encumbrances or restrictions would not, at the time agreed to, be expected to materially adversely affect the ability of the Company to make required payments on the Notes;

(j) existing under or by reason of restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(k) existing under or by reason of customary restrictions imposed on the transfer of, or in licenses related to, copyrights, patents or other intellectual property and contained in agreements entered into in the ordinary course of business; or

(l) existing under or by reason of Permitted Refinancing Indebtedness; *provided* that the encumbrances and restrictions contained in the agreements governing that Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the debt being refinanced.

Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries

The Company will not sell, and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell, any shares of Capital Stock of a Restricted Subsidiary (including in each case options, warrants or other rights to purchase shares of such Capital Stock) except:

(1) to the Company or a Restricted Subsidiary;

(2) to the extent such Capital Stock represents director's qualifying shares or is required by applicable law to be held by a Person other than the Company or a Restricted Subsidiary;

(3) to the extent the issue or sale of such Capital Stock is permitted in accordance with clause (1) of the second paragraph of the "*—Limitation on Transactions with Shareholders and Affiliates*" covenant;

(4) the issuance or sale of Capital Stock of a Restricted Subsidiary (which remains a Restricted Subsidiary after any such issuance or sale); *provided* that the Company or such Restricted Subsidiary applies the Net Cash Proceeds of such issuance or sale, to the extent required, in accordance with the "*—Limitation on Asset Sales*" covenant; and

(5) the issuance or sale of Capital Stock of a Restricted Subsidiary if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any remaining Investment in such Person would have been permitted to be made under the "*—Limitation on Restricted Payments*" covenant if made on the date of such issuance or sale and provided that the Company complies with the "*—Limitation on Asset Sales*" covenant.

Limitation on Transactions with Shareholders and Affiliates

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend any transaction or arrangement (or series of related transactions or arrangements) (including, without limitation, the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with (x) any holder (or any Affiliate of such holder) of 5% or more of any class of Capital Stock of the Company or (y) any Affiliate of the Company (each an "**Affiliate Transaction**"), involving aggregate payments or consideration in excess of US$2.0 million (or the Dollar Equivalent thereof), unless:

(1) the Affiliate Transaction is on fair and reasonable terms that are no less favorable to the Company or the relevant Restricted Subsidiary, as the case may be, than those that would have been obtained in a comparable transaction by the Company or the relevant Restricted Subsidiary with a Person that is not an Affiliate of the Company; and

(2) the Company delivers to the Trustee:

   (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US$5.0 million (or the Dollar Equivalent thereof), a Board Resolution set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with this covenant and such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; *provided* that, if no disinterested member of the Board of Directors exists with respect to any Affiliate Transaction, the transaction may be approved by a majority of the members of the Board of Directors if the requirements of clause (2)(b) below are met with respect to such Affiliate Transaction as if it involved aggregate consideration in excess of US$10.0 million (or the Dollar Equivalent thereof); and

   (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US$10.0 million (or the Dollar Equivalent thereof), in addition to the Board Resolution required in clause (2)(a) above, an opinion as to the fairness to the Company or such Restricted Subsidiary, as the case may be, of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized standing or an Independent Engineer.

The foregoing limitation does not limit, and shall not apply to:

(1) any employment or compensation agreement (whether based in cash or securities), officer or director indemnification agreement, severance or termination agreement or any similar arrangement entered into by the Company or any Restricted Subsidiary and payments pursuant thereto and any transactions pursuant to stock option plans, stock ownership plans and employee benefit plans or similar arrangements approved by the Board of Directors, in each case in the ordinary course of business;

(2) the payment of reasonable and customary fees and reimbursement of expenses (pursuant to indemnity arrangements or otherwise) of officers, directors, employees or consultants of the Company or any Restricted Subsidiary;

(3) transactions between or among the Company and any Restricted Subsidiary or between or among Restricted Subsidiaries;

(4) (a) any Restricted Payment not prohibited by the covenant described under "*—Limitation on Restricted Payments*" and (b) any Permitted Investment other than made pursuant to clause (1) of the definition thereof as described under "*—Definitions*";

(5) any sale of Capital Stock (other than Disqualified Stock) of the Company (or options, warrants or other rights to acquire such Capital Stock), any contribution of capital to the Company, or any Incurrence of, or amendment to, any Subordinated Shareholder Funding (so long as in the case of any amendment, such Subordinated Shareholder Funding continues to satisfy the requirements set forth under the definition "Subordinated Shareholder Funding" after giving effect thereto), in each case that is permitted under or not prohibited by "*—Limitation on Indebtedness*";

(6) any agreement between any Person and an Affiliate of such Person existing at the time such Person is acquired by or merged into the Company or any Restricted Subsidiary; *provided* that such agreement was not entered into in contemplation of such acquisition or merger;

(7) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services, derivatives or insurance or lessors or lessees or providers of employees or other labor or property, in the ordinary course of business and that are fair or on terms at least as favorable as arm's length as determined by the Board of Directors;

(8) any purchases by the Company's Affiliates of Indebtedness or Disqualified Stock of the Company or any Restricted Subsidiary where at least 90% of such Indebtedness or Disqualified Stock is purchased by Persons who are not Affiliates of the Company;

(9) transactions contemplated pursuant to agreements or arrangements in effect on the Original Issue Date and described in this offering memorandum, or any amendment or modification or replacement thereof that is not materially more disadvantageous to the Company than the agreement or arrangement in effect on the Original Issue Date;

(10) transactions permitted by, and complying with, the covenant described under "*—Consolidation, Merger and Sale of Assets*"; and

(11) Permitted Parent Payments.

In addition, the requirements of clause (2) of the first paragraph of this covenant shall not apply to any transaction between or among the Company, any Wholly Owned Restricted Subsidiary and any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary; *provided* that none of the minority shareholders or minority partners of or in such non-Wholly Owned Restricted Subsidiary is a Person described in clauses (x) or (y) of the first paragraph of this covenant (other than by reason of such minority shareholder or minority partner being an officer or director of such Restricted Subsidiary) and the requirement of clause (2)(b) of the first paragraph of this covenant shall not apply to transactions with concessionaires, licensees, customers, clients, suppliers, vendors or purchasers or sellers of goods or services, derivatives, insurance or Hedging Obligations or lessors or lessees or providers of employees or other labor or property, including, in each case, the Permitted Holders, in the ordinary course of business.

Limitation on Liens

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, incur, assume or permit to exist any Lien of any nature whatsoever on any of its assets or properties of any kind, whether owned at the Original Issue Date or thereafter acquired, except Permitted Liens, unless the Notes are equally and ratably secured by such Lien.

Limitation on Sale and Leaseback Transactions

The Company will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction; *provided* that the Company or a Restricted Subsidiary may enter into a Sale and Leaseback Transaction if:

(1) the Company or such Restricted Subsidiary could have (a) Incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction under the covenant described under "—*Limitation on Indebtedness*" and (b) incurred a Lien to secure such Indebtedness pursuant to the covenant described above under "—*Limitation on Liens*," in which case, the corresponding Indebtedness will be deemed Incurred and the corresponding Lien will be deemed incurred pursuant to those provisions;

(2) the gross cash proceeds of that Sale and Leaseback Transaction are at least equal to the Fair Market Value of the property that is the subject of such Sale and Leaseback Transaction; and

(3) the transfer of assets in that Sale and Leaseback Transaction is not prohibited by the covenant described below under "—*Limitation on Asset Sales*."

Limitation on Asset Sales

The Company will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale, unless:

(1) the consideration received by the Company or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of; and

(2) at least 75% of the consideration received consists of cash, Temporary Cash Investments or Replacement Assets (as defined below); *provided* that in the case of an Asset Sale in which the Company or such Restricted Subsidiary receives Replacement Assets involving aggregate consideration in excess of US$10.0 million (or the Dollar Equivalent thereof), the Company shall

deliver to the Trustee an opinion of fairness to the Company or such Restricted Subsidiary of such Asset Sale from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized standing. For purposes of this provision, each of the following will be deemed to be cash:

(a) any liabilities, as shown on the Company's most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes) that are assumed by the transferee of any such assets pursuant to a customary assumption, assignment, novation or similar agreement that releases the Company or such Restricted Subsidiary, as the case may be, from or indemnifies them against further liability; and

(b) any securities, notes or other obligations received by the Company or any Restricted Subsidiary from such transferee that are promptly, but in any event within 90 days of closing, converted by the Company or such Restricted Subsidiary, as the case may be, into cash, to the extent of the cash received in that conversion.

(3) Within 365 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Company or any Restricted Subsidiary may apply such Net Cash Proceeds to:

(a) permanently repay any Senior Indebtedness (and if any such Indebtedness is revolving credit Indebtedness, to correspondingly permanently reduce commitments with respect thereto), in each case owing to a Person other than the Company or a Restricted Subsidiary;

(b) acquire Replacement Assets;

(c) with up to US$10 million of the Net Cash Proceeds received from an Equity Offering of a Restricted Subsidiary organized under the laws of India, use for general corporate purposes; or

(d) any combination of (3)(a), (3)(b) and (3)(c) above;

provided that, pending the application of Net Cash Proceeds in accordance with clauses (a), (b), (c) or (d) of this paragraph, such Net Cash Proceeds may be temporarily invested only in cash or Temporary Cash Investments or be used to temporarily reduce revolving credit Indebtedness.

(4) Any Net Cash Proceeds from Asset Sales that are not applied or invested as provided in clause (3) will constitute "**Excess Proceeds**." Excess Proceeds of less than US$10.0 million (or the Dollar Equivalent thereof) will be carried forward and accumulated. When accumulated Excess Proceeds exceed US$10.0 million (or the Dollar Equivalent thereof), within ten (10) Business Days thereof, the Company must make an Offer to Purchase Notes having a principal amount equal to:

(a) accumulated Excess Proceeds, multiplied by

(b) a fraction (x) the numerator of which is equal to the outstanding principal amount of the Notes and (y) the denominator of which is equal to the outstanding principal amount of the Notes and all Senior Indebtedness, in any such case similarly required to be repaid, redeemed or tendered for in connection with the Asset Sale, rounded down to the nearest US$1,000.

The offer price in any Offer to Purchase will be equal to 100% of the principal amount plus accrued and unpaid interest to the date of purchase, and will be payable in cash.

If any Excess Proceeds remain after consummation of an Offer to Purchase, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes tendered in such Offer to Purchase exceeds the amount of Excess Proceeds, the Trustee will select the Notes to be purchased on a pro rata basis. Upon completion of each Offer to Purchase, the amount of Excess Proceeds will be reset at zero.

Limitation on Business Activities

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, engage in any business other than Permitted Businesses.

Use of Proceeds

The Company will not use the net proceeds from the sale of the Notes issued and sold on the Original Issue Date, in any amount, for any purpose other than (1) as specified under "Use of Proceeds" in this offering memorandum and (2) pending the application of all of such net proceeds in such manner, to invest the portion of such net proceeds not yet so applied in cash or Temporary Cash Investments.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary; *provided* that (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2) such Restricted Subsidiary does not own any Disqualified Stock of the Company or Disqualified Stock or Preferred Stock of a Restricted Subsidiary or hold any Indebtedness of, or any Lien on any property of, the Company or any Restricted Subsidiary, if such Disqualified Stock or Preferred Stock or Indebtedness could not be Incurred under the covenant described under "*—Limitation on Indebtedness*" or such Lien would violate the covenant described under "*—Limitation on Liens*," in each case immediately after such designation; (3) such Restricted Subsidiary does not own any Voting Stock of another Restricted Subsidiary (other than Restricted Subsidiaries concurrently designated to be Unrestricted Subsidiaries in accordance with this covenant), and all of its Subsidiaries are Unrestricted Subsidiaries or are being concurrently designated to be Unrestricted Subsidiaries in accordance with this paragraph; (4) such Restricted Subsidiary has no outstanding Indebtedness that could trigger a cross-default to the Indebtedness of the Company or any other Restricted Subsidiary; and (5) the Investment deemed to have been made thereby in such newly designated Unrestricted Subsidiary and each other newly designated Unrestricted Subsidiary being concurrently redesignated would be permitted to be made by the covenant described under "*—Limitation on Restricted Payments*" immediately after such designation.

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2) any Indebtedness of such Unrestricted Subsidiary outstanding at the time of such designation which will be deemed to have been Incurred by such newly designated Restricted

Subsidiary as a result of such designation would be permitted to be Incurred by the covenant described under "*—Limitation on Indebtedness*"; (3) any Lien on the property of such Unrestricted Subsidiary at the time of such designation, which Liens will be deemed to have been incurred by such newly designated Restricted Subsidiary as a result of such designation, would be permitted to be incurred by the covenant described under "*—Limitation on Liens*"; and (4) such Unrestricted Subsidiary is not a Subsidiary of another Unrestricted Subsidiary (that is not concurrently being designated as a Restricted Subsidiary).

All designations must be evidenced by a Board Resolution delivered to the Trustee certifying compliance with the preceding provisions.

Government Approvals and Licenses; Compliance with Law

The Company will, and will cause each Restricted Subsidiary to, (1) obtain and maintain in full force and effect substantially all governmental approvals, authorizations, consents, permits, concessions and licenses as are necessary to engage in the Permitted Business; (2) preserve and maintain good and valid title to its properties and assets (including land-use rights) free and clear of any Liens other than Permitted Liens; and (3) comply with all laws, regulations, orders, judgments and decrees of any governmental body, except to the extent that failure so to obtain, maintain, preserve and comply would not reasonably be expected to have a material adverse effect on (A) the business, results of operations or prospects of the Company and its Restricted Subsidiaries taken as a whole or (B) the ability of the Company to perform its obligations under the Notes or the Indenture.

Anti-Layering

The Company will not Incur any Indebtedness if such Indebtedness is contractually subordinated in right of payment to any other Indebtedness of the Company, unless such Indebtedness is also contractually subordinated in right of payment to the Notes on substantially identical terms. No Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness by virtue of being unsecured, or by reason of any Liens or Guarantees securing or in favor of some but not all of such Indebtedness or as a result of Indebtedness having a junior priority with respect to the same collateral or being secured by different collateral.

Suspension of Certain Covenants

If on any date following the date of the Indenture, the Notes have a rating of Investment Grade from two of the Rating Agencies and no Default has occurred and is continuing, then, beginning on that day and continuing until such time, if any, at which the Notes cease to have a rating of Investment Grade from both of the Rating Agencies (such period, the "**Suspension Period**"), the provisions of the Indenture summarized under the following captions will be suspended:

(1) "*—Certain Covenants—Limitation on Indebtedness*";

(2) "*—Certain Covenants—Limitation on Restricted Payments*";

(3) "*—Certain Covenants—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries*";

(4) "*—Certain Covenants—Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries*";

(5) "*—Certain Covenants—Limitation on Sale and Leaseback Transactions*";

(6) "*—Certain Covenants—Limitation on Asset Sales*"; and

(7) Clauses (4) summarized under "*—Consolidation, Merger and Sale of Assets*."

During any period that the foregoing covenants have been suspended, the Board of Directors may not designate any of the Restricted Subsidiaries as Unrestricted Subsidiaries pursuant to the covenant summarized under "*—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries*" or the definition of "Unrestricted Subsidiary."

Such covenants will be reinstituted and apply according to their terms as of and from the first day on which a Suspension Period ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Company or any Restricted Subsidiary properly taken in compliance with the provisions of the Indenture during the continuance of the Suspension Period, and following reinstatement (1) the calculations under the covenant summarized under "*—Certain Covenants—Limitation on Restricted Payments*" will be made as if such covenant had been in effect since the date of the Indenture except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended and (2) all Indebtedness incurred, or Disqualified Stock or preferred stock issued, during the Suspension Period will be classified to have been incurred or issued pursuant to clause (2)(b) of the covenant summarized under "*—Certain Covenants—Limitation on Indebtedness*." Upon the occurrence of a Suspension Period, the amount of Excess Proceeds shall be reset at to the amount in effect at the beginning of the Suspension Period.

There can be no assurance that the Notes will ever achieve a rating of Investment Grade or that any such rating will be maintained.

Provision of Financial Statements and Reports

So long as any of the Notes remain outstanding, the Company will provide to the Trustee and furnish to the Holders the following reports, in the English language:

(1) within 120 days after the end of the Company's fiscal year beginning with the first fiscal year ending after the Original Issue Date, the following information: (a) audited consolidated balance sheets of the Company as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Company for the two most recent fiscal years, including complete footnotes to such financial statements and the audit report of a member firm of an internationally recognized firm of independent accountants on the financial statements; and (b) an operating and financial review of the audited financial statements, including a discussion of the consolidated results of operations, financial condition, EBITDA and material changes in liquidity and capital resources of the Company, and a discussion of material recent developments, material commitments and contingencies and critical accounting policies;

(2) within 60 days following the end of the first three fiscal quarters in each fiscal year of the Company beginning with the quarter ending September 30, 2016, copies of its unaudited financial statements (on a consolidated basis), including a statement of income, balance sheet and cash flow statement, prepared on a basis consistent with the audited financial statements of the Company together with a certificate signed by the person then authorized to sign financial statements on behalf of the Company to the effect that such financial statements are true in all material respects and present fairly the financial position of the Company as at the end of, and the results of its operations for, the relevant quarterly period; and

(3) promptly after the occurrence of (i) any Material Acquisition or Disposition or restructuring or (ii) any other material event not in the ordinary course of business, that the Company or Restricted Subsidiary announces publicly, a report containing a description of such event.

The Company will also make copies of all such reports available on its website.

In addition, so long as any Note remains outstanding, the Company will provide to the Trustee (a) within 120 days after the close of each fiscal year, an Officer's Certificate stating the Fixed Charge Coverage Ratio and the Consolidated Priority Indebtedness Leverage Ratio with respect to the four most recent fiscal quarters and showing in reasonable detail the calculation of the Fixed Charge Coverage Ratio and the Consolidated Priority Indebtedness Leverage Ratio, including the arithmetic computations of each component of the Fixed Charge Coverage Ratio and the Consolidated Priority Indebtedness Leverage Ratio, together with a certificate from the Company's external auditors verifying the accuracy and correctness of the calculations and arithmetic computations made, *provided* that the Company will not be required to provide such auditor certification if its external auditors refuse to provide such certification as a result of any policy of such external auditors prohibiting such certification if in such case the Company delivers such certification from an alternative member firm of an internationally recognized firm of independent accountants with such Officer's Certificate; and (b) as soon as possible and in any event within 10 days after the Company becomes aware or should reasonably become aware of the occurrence of a Default, an Officer's Certificate setting forth the details of the Default, and the action which the Company proposes to take with respect thereto.

All historical financial statements shall be prepared in accordance with GAAP as in effect on the date of such report or financial statement (or otherwise on the basis of GAAP as then in effect) and on a consistent basis for the periods presented; *provided* that the reports set forth in clauses (1) and (2) above may, in the event of a change in applicable GAAP, present earlier periods on the basis of GAAP that applied to such periods. If the company elects to change GAAP to IFRS (as permitted by the definition of "GAAP"), then the Company shall present earlier periods included in any financial information required by clauses (1) and (2) of this covenant on or after the date of such election in accordance with IFRS (either as in effect on the date of such report or financial statement or, at the Company's election, on the basis of IFRS that applied to such periods.

At any time that any of the Company's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, would constitute a Significant Subsidiary of the Company, then the annual and quarterly financial information required by clauses (1) and (2) of this covenant shall include a summary presentation, either on the face of the financial statements or in the footnotes thereto or in the operating and financial review of the financial statements of the revenue, EBITDA, net income, cash, total assets, total debt, shareholders equity, capital expenditures and interest expense of such Unrestricted Subsidiaries.

Events of Default

The following events will be defined as "**Events of Default**" in the Indenture:

(1) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;

(2) default in the payment of interest (including Additional Amounts) on any Note when the same becomes due and payable, and such default continues for a period of 30 days;

(3) default in the performance or breach of the provisions of the covenants described under "*—Consolidation, Merger and Sale of Assets*," or the failure by the Company to make or consummate an Offer to Purchase in the manner described under "*—Repurchase of Notes Upon a Change of Control*" or "*—Certain Covenants—Limitation on Asset Sales*";

(4) the Company or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (1), (2) or (3) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the Notes;

(5) there occurs with respect to any Indebtedness of the Company or any Restricted Subsidiary having an outstanding principal amount of US$20.0 million (or the Dollar Equivalent thereof) or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or shall hereafter be created, (a) an event of default that results in such Indebtedness being due and payable prior to its Stated Maturity through the actions of the holders thereof or otherwise and/or (b) a default in payment of principal of, or interest or premium on, or any other amounts in respect of, such Indebtedness when the same becomes due and payable (following the expiry of any applicable grace period);

(6) one or more final judgments or orders for the payment of money are rendered against the Company or any Restricted Subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons (other than judgments or orders covered by indemnities provided by, or insurance policies issued by, reputable companies) to exceed US$20.0 million (or the Dollar Equivalent thereof) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

(7) an involuntary case or other proceeding is commenced against the Company or any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together as of the latest audited consolidated financial statements for the Company, would constitute a Significant Subsidiary, with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Restricted Subsidiary, or for any substantial part of the property and assets of the Company or any Restricted Subsidiary, and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or a final order for relief is entered against the Company or any Restricted Subsidiary, under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect; or

(8) the Company or any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together as of the latest audited consolidated financial statements for the Company, would constitute a Significant Subsidiary, (a) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (b) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Restricted Subsidiary or for all or substantially all of the property and assets of such entity or entities or (c) effects any general assignment for the benefit of creditors.

If an Event of Default (other than an Event of Default specified in clause (7) or (8) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written direction of such Holders shall (subject to the Trustee being indemnified and/or secured or pre-funded to its satisfaction), declare the

principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an Event of Default specified in clause (7) or (8) above occurs with respect to the Company or any Restricted Subsidiary, the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Holders of at least a majority in principal amount of the outstanding Notes by written notice to the Company and to the Trustee may on behalf of the Holders waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

(1) all existing Events of Default, other than the non-payment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived; and

(2) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or the Indenture, that may involve the Trustee (including any of its incorporators, stockholders, officers, directors or employees or controlling persons) in personal liability, or that the Trustee determines in good faith may be unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from Holders. In addition, the Trustee will not be required to act on the direction of the Holders unless it is indemnified and/or secured or pre-funded to its satisfaction.

A Holder may not institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture or the Notes, unless:

(1) the Holder has previously given the Trustee written notice of a continuing Event of Default;

(2) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;

(3) such Holder or Holders offer the Trustee indemnity and/or security and/or pre-funding satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such request;

(4) the Trustee does not comply with the request within (x) 60 days after receipt of the written request pursuant to clause (2) above or (y) 60 days after the receipt of the offer of indemnity and/or security and/or pre-funding pursuant to clause (3) above, whichever occurs later; and

(5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a written direction that is inconsistent with the request.

However, such limitations do not apply to the right of any Holder of a Note to receive payment of the principal of, premium, if any, or interest on, such Note, or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right shall not be impaired or affected without the consent of the Holder.

Officers of the Company must certify to the Trustee in writing, on or before a date not more than 90 days after the end of each fiscal year, that a review has been conducted of the activities of the Company and the Restricted Subsidiaries and the Company's and the Restricted Subsidiaries' performance under the Indenture and that the Company have fulfilled all of their respective obligations thereunder, or, if there has been a default in the fulfilment of any such obligation, specifying each such default and the nature and status thereof. The Company will also be obligated to notify the Trustee in writing within 30 days of any default or defaults in the performance of any covenants or agreements under the Indenture as set forth under "*—Provision of Financial Statements and Reports*."

Consolidation, Merger and Sale of Assets

The Company will not directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Company is the surviving Person (a "**Surviving Person**")), or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(1) either: (a) the Company is the Surviving Person; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made is an entity organized or existing under the laws of India, the United Kingdom, any member state of the European Union, Switzerland, Canada, Australia, Singapore, any state of the United States or the District of Columbia British Virgin Islands, Cayman Islands, Mauritius, Bermuda (each a "**Qualified Jurisdiction**");

(2) the Person formed by or surviving any such consolidation or merger with the Company (if other than the Company) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of the Company under the Indenture and the Notes, pursuant to the terms thereof;

(3) immediately after giving *pro forma* effect to such transaction or transactions, no Default or Event of Default exists;

(4) the Company or the Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made would, on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period (i) be permitted to incur at least US$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption "*—Certain Covenants—Limitation on Indebtedness*" or (ii) have a Fixed Charge Coverage Ratio no less than it was immediately prior to giving effect to such transaction;

(5) the Company shall deliver to the Trustee (x) an Officer's Certificate (attaching the arithmetic computations to demonstrate compliance with clause (4)) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and any relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with; and

(6) no Rating Decline shall have occurred.

In addition, the Company will not, directly or indirectly, lease all or substantially all of the properties and assets of it and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to any other Person.

This "*Consolidation, Merger and Sale of Assets*" covenant will not apply to (1) any sale or other disposition that complies with the "Limitation on Asset Sales" covenant, (2) any consolidation or merger of (a) any Restricted Subsidiary into the Company or (b) any Restricted Subsidiary into another Restricted Subsidiary, and (3) the Company consolidating into or merging or combining with an Affiliate incorporated or organized in a Qualified Jurisdiction for the purpose of changing the legal domicile of the Company, reincorporating the Company in another Qualified Jurisdiction or changing the legal form of the Company.

The foregoing provisions would not necessarily afford Holders protection in the event of highly leveraged or other transactions involving the Company that may adversely affect Holders.

No Payments for Consents

The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid or is paid to all Holders that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment. Notwithstanding the foregoing, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes in connection with an exchange or tender offer, the Company and any Restricted Subsidiary may exclude (i) Holders or beneficial owners of the Notes that are not "qualified institutional buyers" as defined under the Securities Act, and (ii) Holders or beneficial owners of the Notes in any jurisdiction where the inclusion of such Holders or beneficial owners would require the Company or any Restricted Subsidiary to comply with the registration requirements or other similar requirements under any securities laws of such jurisdiction, or the solicitation of such consent, waiver or amendment from, or the granting of such consent or waiver, or the approval of such amendment by, Holders or beneficial owners in such jurisdiction would be unlawful, in each case as determined by the Company in its sole discretion.

Defeasance

Defeasance and Discharge

The Indenture will provide that the Company will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below, and the provisions of the Indenture will no longer be in effect with respect to the Notes (except for,

among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies and to hold monies for payment in trust) if, among other things:

(1) the Company (a) has deposited with the Trustee, in trust, for the benefit of the Holders, cash in U.S. dollars, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes and (b) delivers to the Trustee an Opinion of Counsel or a certificate of an internationally recognized firm of independent accountants to the effect that the amount deposited by the Company is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity of such payment in accordance with the terms of the Indenture and an Opinion of Counsel to the effect that the Holders have a valid, perfected, exclusive Lien over such trust;

(2) the Company has delivered to the Trustee an Opinion of Counsel from a law firm of recognized international standing to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 123 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law;

(3) the Company shall have delivered to the Trustee an Officer's Certificate stating that the deposit was not made by it with the intent of preferring the Holders over any other of its creditors or with the intent of defeating, hindering, delaying or defrauding any other of its creditors or others; and

(4) immediately after giving effect to such deposit on a *pro forma* basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company or any of the Restricted Subsidiaries is a party or by which the Company or any of the Restricted Subsidiaries is bound.

Defeasance of Certain Covenants

The Indenture will further provide that the provisions of the Indenture will no longer be in effect with respect to clauses (4), (5)(x) and (6) under "*—Consolidation, Merger and Sale of Assets*" and all the covenants described herein under "*—Certain Covenants*," other than as described under "*—Certain Covenants—Government Approvals and Licenses; Compliance with Law*" and "*—Certain Covenants—Anti-Layering*," and clause (3) under "*Events of Default*" with respect to clauses (4),(5)(x) and (6) under "*—Consolidation, Merger and Sale of Assets*" and with respect to the other events set forth in such clause, clause (4) under "*—Events of Default*" with respect to such other covenants and clauses (5), (6), (7) and (8) under "*—Events of Default*" shall be deemed not to be Events of Default upon, among other things, the deposit in an account held by the Trustee, in trust, for the benefit of the Holders, of cash in U.S. dollars, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes, and the satisfaction of the provisions described in clause (2) of the preceding paragraph.

Defeasance and Certain Other Events of Default

In the event the Company exercises its option to omit compliance with certain covenants and provisions of the Indenture with respect to the Notes as described in the immediately preceding paragraph and the Notes are declared due and payable because of the occurrence of an Event of Default that remains applicable, the amount of cash in U.S. dollars and/or U.S. Government Obligations on deposit in the account described in the immediately preceding paragraph will be sufficient to pay amounts due on the Notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the Notes at the time of the acceleration resulting from such Event of Default. However, the Company will remain liable for such payments.

Amendments and Waiver

Amendments Without Consent of Holders

The Indenture and the Notes may be amended, without the consent of any Holder:

(1) to cure any ambiguity, defect, omission or inconsistency in the Indenture or the Notes;

(2) to comply with the provisions described under "—*Consolidation, Merger and Sale of Assets*";

(3) to evidence and provide for the acceptance of appointment by a successor Trustee;

(4) to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;

(5) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;

(6) to effect any changes to the Indenture in a manner necessary to comply with the procedures of the relevant clearing system;

(7) to conform the text of the Indenture or the Notes to any provision of this "Description of the Notes" to the extent that such provision in this "Description of the Notes" was intended to be a verbatim recitation of a provision of the Indenture or the Notes; or

(8) to make any other change that does not materially and adversely affect the rights of any Holder.

Amendments With Consent of Holders

Amendments of the Indenture and the Notes may be made by the Company and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, and the Holders of a majority in principal amount of the outstanding Notes may waive future compliance by the Company with any provision of the Indenture and the Notes; *provided,* however, that no such modification, amendment or waiver may, without the consent of Holders holding not less than 90% of the then outstanding principal amount of the Notes:

(1) change the Stated Maturity of the principal of, or any instalment of interest on, any Note;

(2) reduce the principal amount of, or premium, if any, or interest on, any Note;

(3) change the place, currency or time of payment of principal of, or premium, if any, or interest on, any Note;

(4) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note;

(5) reduce the above-stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend the Indenture;

(6) waive a default in the payment of principal of, premium, if any, or interest on the Notes;

(7) reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;

(8) reduce the amount payable upon a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from an Asset Sale or change the time or manner by which a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from an Asset Sale may be made or by which the Notes must be repurchased pursuant to a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from an Asset Sale;

(9) change the redemption date or the redemption price of the Notes from that stated under "*—Optional Redemption*" or "*—Redemption for Taxation Reasons*";

(10) amend, change or modify the obligation of the Company to pay Additional Amounts; or

(11) amend, change or modify any provision of the Indenture or the related definition affecting the ranking of the Notes in a manner which adversely affects the Holders.

Unclaimed Money

Claims against the Company for the payment of principal of, premium, if any, or interest, on the Notes will become void unless presentation for payment is made as required in the Indenture within a period of six years.

No Personal Liability of Incorporators, Stockholders, Officers, Directors or Employees

No recourse for the payment of the principal of, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company in the Indenture or in any of the Notes or because of the creation of any Indebtedness represented thereby, shall be had against any incorporator, stockholder, officer, director, employee or controlling person of the Company or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes. Such waiver may not be effective to waive liabilities under relevant laws.

Concerning the Trustee and the Agents

The Bank of New York Mellon, London Branch, is to be appointed as Trustee and as paying agent (the "**Paying Agent**"), and The Bank of New York Mellon (Luxembourg) S.A. is to be appointed as registrar (the "**Registrar**") and as transfer agent (the "**Transfer Agent**" and together with the Registrar and Paying Agent, the "**Agents**"), under the Indenture with regard to the Notes. Except

during the continuance of a Default, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture and the Notes (as the case may be), and no implied covenant or obligation shall be read into the Indenture or the Notes (as the case may be) against the Trustee. If an Event of Default has occurred and is continuing, the Trustee will be required to use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture or the Notes (as the case may be) as a prudent person would exercise under the circumstances in the conduct of such person's own affairs. The Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any Holder, unless such Holder shall have offered to the Trustee indemnity and/or security or pre-funding satisfactory to it against any loss, liability or expense.

Book-Entry; Delivery and Form

The Notes will be represented by the Global Certificate in registered form without interest coupons attached. On the Original Issue Date, the Global Certificate will be deposited with a common depositary and registered in the name of the common depositary or its nominee for the accounts of Euroclear and Clearstream. The Notes will be issued only in fully registered form, without coupons, in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof.

Global Certificate

Ownership of beneficial interests in the Global Certificate (the "**book-entry interests**") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants.

Except as set forth below under "*—Individual Definitive Notes*," the book-entry interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge book-entry interests.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominee) will be considered the sole holder of the Global Certificate for all purposes under the Indenture and "holders" of book-entry interests will not be considered the owners or "Holders" of Notes for any purpose. As such, participants must rely on the procedures of Euroclear and Clearstream and indirect participants must rely on the procedures of the participants through which they own book-entry interests in order to transfer their interests in the Notes or to exercise any rights of Holders under the Indenture.

None of the Company, the Trustee or any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the book-entry interests. The Notes are not issuable in bearer form.

Payments on the Global Certificate

Payments of any amounts owing in respect of the Global Certificate (including principal, premium, interest and additional amounts) will be made to the Paying Agent. The Paying Agent will, in turn,

make such payments to the common depositary for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their procedures. The Company will make payments of all such amounts without deduction or withholding for, or on account of, any Taxes, except as may be required by law and as described under "*—Additional Amounts*."

Under the terms of the Indenture, the Company and the Trustee will treat the registered holder of the Global Certificate (i.e., the common depositary or its nominee) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Company, the Trustee or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participants, or for maintaining, supervising or reviewing any of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest; or

- Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of book-entry interests held through participants are the responsibility of such participants.

Redemption of the Global Certificate

In the event that the Global Certificate, or any portion thereof, is redeemed, the common depositary will distribute the amount received by it in respect of the Global Certificate so redeemed to Euroclear and/or Clearstream, as applicable, who will distribute such amount to the holders of the book-entry interests in such Global Certificate. The redemption price payable in connection with the redemption of such book-entry interests will be equal to the amount received by the common depositary, Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Certificate (or any portion thereof).

If less than all of the Notes are to be redeemed at any time, the Notes for redemption will be selected as follows:

(1) if the Notes are listed on any national securities exchange or are held through a clearing system, in compliance with the requirements of the principal national securities exchange on which the Notes are listed (if any) or the requirements of the clearing system; or

(2) if the Notes are not listed on any national securities exchange, on a *pro rata* basis, by lot or by such other method as the Trustee in its sole and absolute discretion shall deem to be fair and appropriate unless otherwise required by law.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised that they will take any action permitted to be taken by a Holder only at the direction of one or more participants to whose account the book-entry interests in the Global Certificate are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the

taking of any other action in respect of the Global Certificate. If there is an Event of Default under the Notes, however, each of Euroclear and Clearstream reserves the right to exchange the Global Certificate for individual definitive notes in certificated form, and to distribute such individual definitive notes to their participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with the rules of Euroclear and Clearstream and will be settled in immediately available funds. If a Holder requires physical delivery of individual definitive notes for any reason, including to sell the Notes to persons in jurisdictions which require physical delivery of such securities or to pledge such securities, such Holder must transfer its interest in the Global Certificate in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

Global Clearance and Settlement Under the Book-Entry System

Book-entry interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional notes. Book-entry interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

The book-entry interests will trade through participants of Euroclear or Clearstream, and will settle in immediately available funds. Since the purchaser determines the place of delivery, it is important to establish at the time of trading of any book-entry interests where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Information Concerning Euroclear and Clearstream

We understand as follows with respect to Euroclear and Clearstream:

Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks and trust companies, and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Although the foregoing sets out the procedures of Euroclear and Clearstream in order to facilitate the original issue and subsequent transfers of interests in the Notes among participants of Euroclear and Clearstream, neither Euroclear nor Clearstream is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Company, the Trustee or any of their respective agents will have responsibility for the performance of Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations, including, without limitation, rules and procedures relating to book-entry interests.

Individual Definitive Notes

If (1) the common depositary or any successor to the common depositary is at any time unwilling or unable to continue as a depositary for the reasons described in the Indenture and a successor depositary is not appointed by the Company within 90 days, (2) either Euroclear or Clearstream, or a successor clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so, or (3) any of the Notes has become immediately due and payable in accordance with "*—Events of Default*" and the Company has received a written request from a Holder, the Company will issue individual definitive notes in registered form in exchange for interests in the Global Certificate. Upon receipt of such notice from the common depositary, a Holder or the Trustee, as the case may be, the Company will use its best efforts to make arrangements with the common depositary for the exchange of interests in the Global Certificate for individual definitive notes and cause the requested individual definitive notes to be executed and delivered to the registrar in sufficient quantities and authenticated by the Registrar for delivery to Holders. Persons exchanging interests in the Global Certificate for individual definitive notes will be required to provide the registrar, through the relevant clearing system, with written instruction and other information required by the Company and the registrar to complete, execute and deliver such individual definitive notes. In all cases, individual definitive notes delivered in exchange for any Global Certificate or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by the relevant clearing system.

Individual definitive notes will not be eligible for clearing and settlement through Euroclear or Clearstream.

Notices

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing and may be given or served by being sent by prepaid courier or by being deposited, first-class postage prepaid (if intended for the Company) addressed to the Company at its principal place of business, (if intended for the Trustee) at the corporate trust office of the Trustee, and (if intended for any Holder) addressed to such Holder at such Holder's last address as it appears in the Note register (or otherwise delivered to such Holders in accordance with applicable Euroclear or Clearstream procedures).

Any such notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of the relevant clearing system. Any such notice shall be deemed to have been delivered on the day such notice is delivered to the relevant clearing system or if by mail, when so sent or deposited.

Consent to Jurisdiction; Service of Process

The Company will irrevocably (1) submit to the non-exclusive jurisdiction of any U.S. federal or New York state court located in the Borough of Manhattan, The City of New York in connection with any suit, action or proceeding arising out of, or relating to, the Notes, the Indenture or any transaction contemplated thereby; and (2) designate and appoint Corporation Service Company at 1180 Avenue of the Americas, Suite 210, New York, NY, 10036 for receipt of service of process in any such suit, action or proceeding.

Governing Law

Each of the Notes and the Indenture provides that such instrument will be governed by, and construed in accordance with, the laws of the State of New York.

Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this "Description of the Notes" for which no definition is provided.

"**Acquired Indebtedness**" means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary assumed in connection with an Asset Acquisition by such Restricted Subsidiary whether or not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary.

"**Affiliate**" means, with respect to any Person, any other Person (1) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person; (2) who is a director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (1) of this definition; or (3) who is a spouse or any person cohabiting as a spouse, child or step child, parent or step parent, brother, sister, step brother or step sister, parent-in-law, grandchild, grandparent, uncle, aunt, nephew or niece of a Person described in clause (1) or (2). For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"**Applicable Redemption Premium**" means, with respect to any Note on any redemption date, the greater of:

(1) 1.0% of the principal amount of such Note; and

(2) the excess of:

    (a) the present value at such redemption date of: (x) the principal amount of such Note; plus (y) all required interest payments that would otherwise be due to be paid on such Note during the period between the redemption date and October 6, 2019 (excluding accrued but unpaid interest), computed using a discount rate equal to the U.S. Treasury Rate at such redemption date plus 50 basis points; over

    (b) the outstanding principal amount of such Note.

"**Asset Acquisition**" means (1) an investment by the Company or any Restricted Subsidiary in any other Person pursuant to which such Person shall become a Restricted Subsidiary or shall be merged into or consolidated with the Company or any Restricted Subsidiary; or (2) an acquisition by the Company or any Restricted Subsidiary of the property and assets of any Person other than the Company or any Restricted Subsidiary that constitute substantially all of a division or line of business of such Person.

"**Asset Disposition**" means the sale or other disposition by the Company or any Restricted Subsidiary (other than to the Company or another Restricted Subsidiary) of (1) all or substantially all of the Capital Stock of any Restricted Subsidiary; or (2) all or substantially all of the assets that constitute a division or line of business of the Company or any Restricted Subsidiary.

"**Asset Sale**" means any sale, transfer or other disposition (including by way of merger, consolidation or Sale and Leaseback Transaction) of any of its property or assets (including any sale of Capital Stock of a Subsidiary or issuance of Capital Stock of a Restricted Subsidiary) in one transaction or a series of related transactions by the Company or any Restricted Subsidiary to any Person; *provided* that "Asset Sale" shall not include:

(1) sales or other dispositions of inventory, receivables and other assets in the ordinary course of business;

(2) sales, transfers or other dispositions of assets constituting a Permitted Investment or Restricted Payment permitted to be made by the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*";

(3) sales, transfers or other dispositions of assets by the Company or any Restricted Subsidiary or sales of Capital Stock by the Company or issuances or sales of Capital Stock by any Restricted Subsidiary with a Fair Market Value not in excess of US$2.0 million (or the Dollar Equivalent thereof) in any transaction or series of related transactions;

(4) any sale, conveyance, transfer or other disposition of property or assets, or the issuance of securities, by a Restricted Subsidiary to the Company or by the Company or a Restricted Subsidiary to a Restricted Subsidiary which is otherwise permitted under the Indenture;

(5) any sale, transfer, assignment or other disposition of any property or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Company or the Restricted Subsidiaries;

(6) any transfer, assignment or other disposition deemed to occur in connection with creating or granting any Lien permitted by the Indenture;

(7) a transaction covered by the first paragraph of the covenant described under "*—Consolidation, Merger and Sale of Assets*";

(8) the sale or other disposition of cash or Temporary Cash Investments;

(9) the lease, license, assignment or sublease of any real or personal property in connection with the Permitted Business;

(10) any transfer, termination, unwinding or other disposition of Hedging Obligations in accordance with the terms thereof;

(11) Sale and Leaseback Transactions with respect to any property or assets within 180 days of the acquisition of such property or assets;

(12) any surrender, expiration or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business;

(13) the disposition of assets in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(14) licenses, sub-licenses, grants, assignments, leases and sub-leases (as lessee, sublessee, lessor, sublessor, licensee, sublicensee, licensor, sublicensor or grantee) of software, patents, trademarks, know-how or any other intellectual property, general intangibles or other property (including real or tangible property) in the ordinary course of business; or

(15) transfers resulting from any casualty or condemnation of property.

"**Attributable Indebtedness**" means, in respect of a Sale and Leaseback Transaction, the present value, discounted at the interest rate implicit in the Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in the Sale and Leaseback Transaction.

"**Average Life**" means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment of such Indebtedness and (b) the amount of such principal payment by (2) the sum of all such principal payments.

"**Board of Directors**" means the board of directors elected or appointed by the stockholders of the Company to manage the business of the Company and any committee of such board duly authorized to take the action purported to be taken by such committee.

"**Board Resolution**" means any resolution of the Board of Directors taking an action which it is authorized to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by a majority of the members of the Board of Directors.

"**Business Day**" means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in Singapore, the City of New York, London, Hong Kong or New Delhi (or in any other place in which payments on the Notes are to be made) are authorized or required by law or governmental regulation to close.

"**Capitalized Lease**" means, with respect to any Person, any lease of any property (whether real, personal or mixed) which, in conformity with GAAP as of the Original Issue Date, is required to be capitalized on the balance sheet of such Person.

"**Capitalized Lease Obligations**" means the discounted present value of the rental obligations under a Capitalized Lease.

"**Capital Stock**" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock, but excluding debt securities convertible into such equity.

"**Change of Control**" means the occurrence of one or more of the following events:

(1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and the Restricted Subsidiaries, taken as a whole, to any "person" within the meaning of Section 13(d) of the Exchange Act, other than to one or more Permitted Holders;

(2) the Company consolidates with, or merges with or into, any Person (other than one or more Permitted Holders), or any Person consolidates with, or merges with or into, the Company, other than any such transaction where holders of a majority of the Voting Stock of the Company, immediately prior to such transaction, hold securities of the surviving or transferee Person, immediately after such transaction, that represent at least a majority of the Voting Stock of such surviving or transferee Person and in substantially the same proportion as before such transaction;

(3) (a) the Permitted Holders are collectively the beneficial owners (as such term is used in Rule 13d-3 of the Exchange Act) of less than 26% of the total voting power of the Voting Stock of the Company; and (b) the Permitted Holders cease to possess, directly or indirectly, the power to direct or cause the direction of the management, the Board of Directors and/or the policies of the Company, whether through the ownership of Voting Stock, by contract or otherwise;

(4) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) other than the Permitted Holders is or becomes the "beneficial owner" (as such term is used in Rule 13d-3 of the Exchange Act), directly or indirectly, of more of the total voting power of the Voting Stock of the Company than is beneficially owned by the Permitted Holders; or

(5) the adoption of a plan relating to the liquidation or dissolution of the Company.

"**Clearstream**" means Clearstream Banking S.A.

"**Commodity Hedging Agreement**" means any spot, forward or option commodity price protection agreements or other similar agreement or arrangement designed to manage the costs of commodities or to protect against fluctuations in commodity prices.

"**Common Stock**" means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock or ordinary shares, whether or not outstanding at the date of the Indenture, and includes, without limitation, all series and classes of such common stock or ordinary shares.

"**Consolidated EBITDA**" means, with respect to any Person for any period, Consolidated Net Income of such Person for such period, plus (or, with respect to a gain, minus), to the extent such amount was deducted (or, in the case of a gain, included) in calculating such Consolidated Net Income:

(1) Consolidated Fixed Charges;

(2) provision for taxes based on income, profits or capital, including, without limitation, state, franchise, property and similar taxes and withholding taxes (including penalties and interest related to such taxes or arising from tax examinations);

(3) depreciation expense, amortization expense and all other non-cash items (including the amortization of intangible assets, deferred financing fees and amortization of unrecognized prior service costs) reducing Consolidated Net Income (other than non-cash items in a period which reflect cash expenses paid or to be paid in another period);

(4) any foreign currency translation losses (including losses related to currency remeasurements of Indebtedness) included in non-operating income and any foreign exchange losses resulting from the impact of foreign currency changes on the valuation of assets or liabilities on the balance sheet of the Company and its Restricted Subsidiaries;

(5) any losses attributable to termination of employee pension plans and other post-employment benefits;

(6) any gains or losses arising from the acquisition of any securities or extinguishment, repurchase, cancellation or assignment of Indebtedness;

(7) any unrealized gains or loss in respect of Hedging Obligations or other derivative instruments or forward contracts or any ineffectiveness recognized in earnings related to a qualifying hedge transaction or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;

(8) all proceeds actually received of business interruption insurance policies to the extent the related loss is not otherwise added back pursuant to this definition and to the extent that such reimbursement is not otherwise reflected in Consolidated Net Income; and

(9) expenses incurred by the Company or any Subsidiary to the extent reimbursed by a third-party and to the extent that such reimbursement is not otherwise reflected in Consolidated Net Income,

all as determined on a consolidated basis for such Person and its Restricted Subsidiaries in conformity with GAAP; *provided* that (i) if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, Consolidated EBITDA shall be reduced (to the extent not otherwise reduced in accordance with GAAP) by an amount equal to (A) the amount of the Consolidated Net Income attributable to such Restricted Subsidiary multiplied by (B) the percentage ownership interest in the income of such Restricted Subsidiary not owned on the last day of such period by the Company or any of the Restricted Subsidiaries; and (ii) notwithstanding the preceding, the provision for taxes based on the income or profits of, and the depreciation and amortization and other non-cash expenses of, a Restricted Subsidiary of a Person will be added to the Consolidated Net Income to compute Consolidated EBITDA of such person.

"**Consolidated Fixed Charges**" means, with respect to any Person for any period, the sum (without duplication) of (1) Consolidated Interest Expense for such period and (2) all cash and non-cash dividends paid, declared, accrued or accumulated during such period on any Disqualified Stock or Preferred Stock of such Person or any of its Restricted Subsidiaries, except for dividends payable in the Company's Capital Stock (other than Disqualified Stock).

"**Consolidated Interest Expense**" means, with respect to any Person for any period, the amount that would be included in gross interest expense (net of interest earned during such period on interest bearing securities held by the Company or any Restricted Subsidiary) on a consolidated income statement prepared in accordance with GAAP, for such period of such Person and its Restricted Subsidiaries, plus, to the extent not included therein, and to the extent incurred, accrued or payable during such period by such Person and its Restricted Subsidiaries, without duplication:

(1) interest expense attributable to Capitalized Lease Obligations;

(2) amortization of debt issuance costs and original issue discount expense and non-cash interest payments in respect of any Indebtedness;

(3) the interest portion of any deferred payment obligation;

(4) all discounts with respect to letters of credit or similar instruments issued for financing purposes or in respect of any Indebtedness;

(5) the net costs associated with Hedging Obligations (including the amortization of fees);

(6) interest accruing on Indebtedness of any other Person that is Guaranteed by, or secured by a Lien on any asset of, such Person or any of its Restricted Subsidiaries; and

(7) any capitalized interest (excluding any interest in respect of any Subordinated Shareholder Funding);

provided that interest expense attributable to interest on any Indebtedness bearing a floating interest rate will be computed on a *pro forma* basis as if the rate in effect on the date of determination had been the applicable rate for the entire relevant period.

"**Consolidated Net Income**" means, with respect to any Person for any period, the aggregate of the net income (or loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in conformity with GAAP; *provided* that the following items shall be excluded in computing Consolidated Net Income (without duplication):

(1) the net income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting except that, subject to the exclusion contained in clause (5) below, the Company's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution paid to a Restricted Subsidiary, to the limitations contained in clause (3) below);

(2) the net income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Company or any of the Restricted Subsidiaries or all or substantially all of the property and assets of such Person are acquired by the Company or any of the Restricted Subsidiaries;

(3) the net income (but not loss) of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such net income is not at the time permitted by the operation of the terms of its charter, articles of association or other constitutive document or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary;

(4) the cumulative effect of a change in accounting principles;

(5) any net after tax gains realized on the sale or other disposition of (a) any property or asset of the Company or any Restricted Subsidiary that is not sold in the ordinary course of its business or (b) any Capital Stock of any Person (including any gains by the Company or a Restricted Subsidiary realized on sales of Capital Stock of the Company or of any Restricted Subsidiary);

(6) any translation gains and losses due solely to fluctuations in currency values and related tax effects;

(7) any extraordinary or exceptional gains or losses, charges or expenses;

(8) non-cash expenses attributable to movements in the mark-to-market valuation of Hedging Obligations; and

(9) amortization of or charges or expenses relating to deferred financing fees, debt issuance costs, commissions, fees and expenses, expensing of any bridge, commitment or other financing fees, and any non-cash interest expense or interest that was capitalized in respect of Subordinated Shareholder Funding.

"**Consolidated Net Worth**" means, at any date of determination, stockholders' equity as set forth on the most recently available semi-annual or annual consolidated balance sheet of the Company and the Restricted Subsidiaries, plus, to the extent not included, any Preferred Stock of the Company, less any amounts attributable to Disqualified Stock or any equity security convertible into or exchangeable for Indebtedness, the cost of treasury stock and the principal amount of any promissory notes receivable from the sale of the Capital Stock of the Company or any of the Restricted Subsidiaries, each item to be determined in conformity with GAAP.

"**Consolidated Priority Indebtedness Leverage Ratio**" means, on any Transaction Date, the ratio of (x) the aggregate principal amount of Priority Indebtedness outstanding on such Transaction Date, to (y) the aggregate amount of Total Assets.

"**Currency Hedging Agreement**" means any currency swap agreement, currency cap agreement, currency floor agreement, currency futures agreement, commodity option agreement or any other similar agreement or arrangement which may consist of one or more of the foregoing agreements, designed to manage, or protect against, fluctuations in currency prices currencies and currency risk.

"**Default**" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"**Disqualified Stock**" means any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed prior to the date that is 183 days after the Stated Maturity of the Notes, (2) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the date that is 183 days after the Stated Maturity of the Notes, or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above, or Indebtedness having a scheduled maturity prior to the date that is 183 days after the Stated Maturity of the Notes; *provided* that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring prior to the date that is 183 days after the Stated Maturity of the Notes shall not constitute Disqualified Stock if the "asset sale" or "change of control" provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in the "*—Certain Covenants—Limitation on Asset Sales*" and "*—Repurchase of Notes Upon a Change of Control*" covenants and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Company's repurchase of such Notes as are required to be repurchased pursuant to the covenants described under "*—Certain Covenants—Limitation on Asset Sales*" and "*—Repurchase of Notes Upon a Change of Control*."

"**Dollar Equivalent**" means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the noon buying rate for U.S. dollars in New York City for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York on the date of determination.

"**Equity Offering**" means any offering of the Common Stock (whether by way of an underwritten public offering or otherwise) of a Person (or, in the case of the Company, Common Stock of a Parent

Entity of the Company formed after the Original Issue Date) after the Original Issue Date to any Person other than to an Affiliate of the Company or any Permitted Holder; *provided* that the aggregate gross cash proceeds received by such Person from such transaction (or, in the case of the Company, contributed to the Common Stock of the Company by such Parent Entity or provided to the Company pursuant to Subordinated Shareholder Funding) will be no less than US$20.0 million (or the Dollar Equivalent thereof).

"**Euroclear**" means Euroclear Bank SA/NV, as operator of the Euroclear system.

"**Exchange Act**" means the United States Securities Exchange Act of 1934, as amended.

"**Fair Market Value**" means the price that would be paid in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination shall be conclusive if evidenced by a Board Resolution.

"**Fitch**" means Fitch Inc. and its successors.

"**Fixed Charge Coverage Ratio**" means, on any Transaction Date, the ratio of (1) the aggregate amount of Consolidated EBITDA for the then most recent four fiscal quarters prior to such Transaction Date for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may be internal consolidated financial statements) (the "**Four Quarter Period**") to (2) the aggregate Consolidated Fixed Charges during such Four Quarter Period. In making the foregoing calculation:

(1) *pro forma* effect shall be given to any Indebtedness Incurred, repaid or redeemed during the period (the "**Reference Period**") commencing on and including the first day of the Four Quarter Period and ending on and including the Transaction Date (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement (or under any predecessor revolving credit or similar arrangement) in effect on the last day of such Four Quarter Period), in each case as if such Indebtedness had been Incurred, repaid or redeemed on the first day of such Reference Period; *provided* that, in the event of any such repayment or redemption, Consolidated EBITDA for such period shall be calculated as if the Company or such Restricted Subsidiary had not earned any interest income actually earned during such period in respect of the funds used to repay or redeem such Indebtedness;

(2) Consolidated Interest Expense attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a *pro forma* basis and bearing a floating interest rate will be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Hedging Agreement applicable to such Indebtedness if such Interest Rate Hedging Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period;

(3) *pro forma* effect will be given to the creation, designation or redesignation of Restricted Subsidiaries and Unrestricted Subsidiaries as if such creation, designation or redesignation had occurred on the first day of such Reference Period;

(4) *pro forma* effect will be given to Asset Dispositions and Asset Acquisitions (including giving *pro forma* effect to the application of proceeds of any Asset Disposition) that occur during such Reference Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and

(5) *pro forma* effect will be given to Asset Dispositions and Asset Acquisitions (including giving *pro forma* effect to the application of proceeds of any Asset Disposition) that have been made by any Person that has become a Restricted Subsidiary or has been merged with or into the Company or any Restricted Subsidiary during such Reference Period and that would have constituted Asset Dispositions or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such asset dispositions or asset acquisitions were Asset Dispositions or Asset Acquisitions that occurred on the first day of such Reference Period;

provided that to the extent that clause (4) or (5) of this sentence requires that *pro forma* effect be given to an Asset Acquisition or Asset Disposition (or asset acquisition or asset disposition), such *pro forma* calculation will be based upon the four full fiscal quarters immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available.

"**GAAP**" means the generally accepted accounting principles adopted in the United States of America published by the Financial Accounting Standards Board or any successor Board or agency as in effect on the date of the Indenture and from time to time. All ratios and computations contained or referred to in the Indenture shall be computed in conformity with GAAP applied on a consistent basis; *provided* that GAAP shall be fixed as of the Original Issue Date for purposes of determining whether a lease of any property (whether real, personal or mixed) is required to be capitalized on the balance sheet of a Person. At any date after the Original Issue Date the Company may make a one-time irrevocable election to establish that "GAAP" shall mean International Financial Reporting Standards (formerly International Accounting Standards) ("**IFRS**") which the Company or its Restricted Subsidiaries are, or may be, required to comply.

"**Guarantee**" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided* that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"**Hedging Obligations**" of any Person means the obligations of such Person pursuant to any Commodity Hedging Agreement, Currency Hedging Agreement or Interest Rate Hedging Agreement.

"**Holder**" means the Person in whose name a Note is registered in the Note register.

"**Incur**" means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; *provided* that (1) any Indebtedness and Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of original issue discount, the accrual of interest, the accrual of dividends, the payment of interest in the form of additional Indebtedness and the payment of dividends on Preferred

Stock in the form of additional shares of Preferred Stock (to the extent provided for when the Indebtedness or Preferred Stock on which such interest or dividend is paid was originally issued) will not be considered an Incurrence of Indebtedness. The terms "**Incurrence**" and "**Incurred**" have meanings correlative with the foregoing.

"**Indebtedness**" means, with respect to any Person at any date of determination (without duplication):

(1) all indebtedness of such Person for borrowed money;

(2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;

(4) all Capitalized Lease Obligations and Attributable Indebtedness;

(5) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person (other than Indebtedness of a JV Company that is secured by the Company or a Restricted Subsidiary solely with the Capital Stock in such JV Company held by the Company or Restricted Subsidiary); *provided* that the amount of such Indebtedness shall be the lesser of (a) the Fair Market Value of such asset at such date of determination and (b) the amount of such Indebtedness;

(6) all Indebtedness of other Persons Guaranteed by such Person to the extent such Indebtedness is Guaranteed by such Person;

(7) to the extent not otherwise included in this definition, Hedging Obligations;

(8) all Disqualified Stock issued by such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends; and

(9) any Preferred Stock issued by (a) such Person, if such Person is a Restricted Subsidiary or (b) any Restricted Subsidiary of such Person, valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends;

if and to the extent any of the preceding items (other than items described in clause (7) above) would appear as a liability on the Person's consolidated balance sheet (excluding the footnotes thereto) prepared in accordance with GAAP.

For the avoidance of doubt, Capital Stock with respect to which there is a mandatory put option granted to a Person that obligates the Company or any Restricted Subsidiary to repurchase the Capital Stock of any Restricted Subsidiary or any other Person shall be deemed to be Indebtedness.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation; *provided*

(1) that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP;

(2) that money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be deemed to be "Indebtedness" so long as such money is held to secure the payment of such interest; and

(3) that the amount of Indebtedness with respect to any Hedging Obligation shall be equal to the net amount payable if the Commodity Hedging Agreement, Currency Hedging Agreement or Interest Rate Hedging Agreement giving rise to such Hedging Obligation terminated at that time due to default by such Person.

For the avoidance of doubt, none of the following will constitute Indebtedness (i) obligations in respect of taxes, workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage taxes, (ii) obligations arising from the endorsement of negotiable instruments in the ordinary course of business, (iii) deposits and advance payments received in connection with the Permitted Business, and (iv) Subordinated Shareholder Funding.

Notwithstanding the foregoing, in connection with the purchase by the Company or any Restricted Subsidiary of any asset or property to be used in the ordinary course of business by the Company or any Restricted Subsidiary in the Permitted Business (including any such purchase through the acquisition of Capital Stock of any Person that owns such asset or property, which will, upon such acquisition, become a Restricted Subsidiary), the term "Indebtedness" will not include post-closing payment obligations of the Company or such Restricted Subsidiary to which the seller may become entitled to the extent the amount of such payment is determined by a final closing balance sheet, final reserve assessment or a similar report or document or such payment depends on the performance of such asset or property after the closing; *provided, however,* that, at the time of closing, the amount of any such payment obligation is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 180 days thereafter.

"**Interest Rate Hedging Agreement**" means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement designed to manage the interest component of financing cost or to protect against fluctuations in interest rates.

"**Investment**" means:

(1) any direct or indirect advance, loan or other extension of credit to another Person;

(2) any capital contribution to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others);

(3) any purchase or acquisition of Capital Stock (or options, warrants or other rights to acquire such Capital Stock), Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another Person; or

(4) any Guarantee of any obligation of another Person.

For the purposes of the provisions of the covenants described under "*—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries*" and "*—Certain Covenants—Limitation on Restricted Payments*": (1) the Company will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal to the Fair Market Value of the Company's direct or indirect proportionate interest in the assets (net of the liabilities owed to any Person other than the Company or a Restricted Subsidiary and that are not Guaranteed by the Company or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary calculated as of the time of such designation, and (2) any property transferred to or from any Person shall be valued at its Fair Market Value at the time of such transfer, as determined in good faith by the Board of Directors.

"**Investment Grade**" means a rating of "AAA," "AA," "A" or "BBB," as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest rating categories, by S&P or any of its successors or assigns, or a rating of "Aaa," or "Aa," "A" or "Baa," as modified by a "1," "2" or "3" indication, or an equivalent rating representing one of the four highest rating categories, by Moody's or any of its successors or assigns, or a rating of "AAA," "AA," "A," "BBB," as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest rating categories, by Fitch or any of its successors or assigns, or the equivalent ratings of any internationally recognized rating agency or agencies, as the case may be, which shall have been designated by the Company as having been substituted for S&P, Moody's and/or Fitch, as the case may be.

"**JV Company**" means any Person in which the Company or a Restricted Subsidiary owns more than 10% and less than 50% of the Voting Stock, directly or indirectly, and has the right to participate in the management of such Person.

"**Lien**" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

"**Material Acquisition or Disposition**" means a transaction that would require the preparation of *pro forma* financial information pursuant to Rule 11-01(a) or (b) of Regulation S-X promulgated under the Securities Act, assuming that such Rule were applicable to the Company.

"**Moody's**" means Moody's Investors Service, Inc., a subsidiary of Moody's Corporation, and its successors.

"**Net Cash Proceeds**" means:

(1) with respect to any Asset Sale (other than the issuance or sale of Capital Stock), the proceeds of such Asset Sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of:

    (a) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale;

    (b) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Company and the Restricted Subsidiaries, taken as a whole;

(c) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the property or assets sold or (y) is required to be paid as a result of such sale;

(d) appropriate amounts to be provided by the Company or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP; and

(e) all distributions and other payments required to be made to minority interest holders in Subsidiaries or JV Companies as a result of such Asset Sale or the distribution of proceeds from such Asset Sale made by a Subsidiary or a JV Company; and

(2) with respect to any Asset Sale consisting of the issuance or sale of Capital Stock, the proceeds of such issuance or sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"**Offer to Purchase**" means an offer to purchase Notes by the Company from the Holders commenced by the Company mailing a notice by first class mail, postage prepaid, to the Trustee and each Holder at its last address appearing in the Note register stating:

(1) the provision in the Indenture pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis;

(2) the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "**Offer to Purchase Payment Date**");

(3) that any Note not tendered will continue to accrue interest pursuant to its terms;

(4) that, unless the Company defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Offer to Purchase Payment Date;

(5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled "Option of the Holder to Elect Purchase" on the reverse side of the Note completed, to the Paying Agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;

(6) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased; and

(7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered; *provided* that each Note purchased and each new Note issued shall be in a principal amount of US$200,000 or any amount in excess thereof which is an integral multiple of US$1,000.

One Business Day prior to the Offer to Purchase Payment Date, the Company shall deposit with the Paying Agent money sufficient to pay the purchase price of all Notes or portions thereof to be accepted by the Company for payment on the Offer to Purchase Payment Date. On the Offer to Purchase Payment Date, the Company shall (a) accept for payment on a pro rata basis Notes or portions thereof tendered pursuant to an Offer to Purchase; and (b) deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officer's Certificate specifying the Notes or portions thereof accepted for payment by the Company. The Paying Agent shall promptly mail to the Holders of Notes so accepted payment in an amount equal to the purchase price, and upon receipt of written order of the Company signed by an Officer the Trustee shall promptly authenticate and mail to such Holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; *provided* that each Note purchased and each new Note issued shall be in a principal amount of US$200,000 or any amount in excess thereof which is an integral multiple of US$1,000. The Company will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Company will comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that the Company is required to repurchase Notes pursuant to an Offer to Purchase.

The offer is required to contain or incorporate by reference information concerning the business of the Company and its Subsidiaries which the Company in good faith believes will assist such Holders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Company to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to Purchase.

"**Officer**" means an officer or director of the Company or, in the case of a Restricted Subsidiary, one of the directors or officers of such Restricted Subsidiary.

"**Officer's Certificate**" means a certificate signed by two Officers.

"**Opinion of Counsel**" means a written opinion from legal counsel which opinion is in form and substance reasonably acceptable to the Trustee and where applicable that meets any specific requirements set out in the Indenture; *provided* that legal counsel shall be entitled to rely on certificates of the Company and any Subsidiary of the Company as to matters of fact.

"**Original Issue Date**" means the date on which the Notes are initially issued under the Indenture.

"**Parent Entity**" of a Person means any other Person (other than a natural person) of which the first Person is a Subsidiary.

"**Permitted Business**" means any business conducted or proposed to be conducted (as described in this offering memorandum) by the Company and any Restricted Subsidiary on the date of the Indenture, or any investment in any businesses reasonably related, ancillary or complementary thereto.

"**Permitted Holders**" means any or all of the following:

(1) Mr. Shyam S. Bhartia and Mr. Hari S. Bhartia;

(2) any Affiliate, including any immediate family members, of either of the Persons specified in clause (1); and

(3) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned 80% or more by one or more of the Persons specified in clauses (1) and (2).

"**Permitted Investment**" means:

(1) any Investment in the Company or a Restricted Subsidiary that is primarily engaged in a Permitted Business or a Person which will, upon the making of such Investment, become a Restricted Subsidiary that is primarily engaged in a Permitted Business or will be merged or consolidated with or into, or transfer or convey all or substantially all its assets to, the Company or a Restricted Subsidiary that is primarily engaged in a Permitted Business;

(2) cash or Temporary Cash Investments;

(3) payroll, travel and similar advances made in the ordinary course of business to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with GAAP;

(4) any Investment pursuant to a Hedging Obligation entered into in the ordinary course of business (and not for speculation) designed solely to protect the Company against fluctuations in commodity prices, interest rates or foreign currency exchange rates;

(5) Investments consisting of consideration received in connection with an Asset Sale and made in compliance with, the covenant described under "*—Certain Covenants—Limitation on Asset Sales*";

(6) loans or advances to vendors, contractors, suppliers, distributors or service providers, including advance payments for equipment and machinery made to the manufacturer or supplier thereof, of the Company or any Restricted Subsidiary in the ordinary course of business and dischargeable in accordance with customary trade terms;

(7) Investments in existence on the Original Issue Date, and any Investment consisting of an extension of the term or renewal of any Investment existing on, or made pursuant to a binding commitment existing on the Original Issue Date, in each case where such investments are described in this offering memorandum on the Original Issue Date;

(8) any Investments received in compromise, resolution or satisfaction of (a) obligations of trade creditors or customers that were incurred in connection with the Permitted Business, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer or (b) litigation, arbitration or other disputes with Persons who are not Affiliates;

(9) loans or advances to employees made in the ordinary course of business in an aggregate principal amount not to exceed US$5.0 million (or the Dollar Equivalent thereof) at any one time outstanding;

(10) repurchases of the Notes;

(11) Investments consisting of the licensing or contribution of intellectual property pursuant to joint marketing arrangements with other Persons;

(12) Investments consisting of endorsement of negotiable instruments and documents in the ordinary course of business;

(13) notes payable, receivables, trade credits or other current assets owing to the Company or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;

(14) (i) pledges or deposits made in the ordinary course of business with respect to leases or utility contracts or (ii) Investments consisting of earnest money deposits or escrowed money required in connection with any acquisition, joint venture or acquisition of assets not otherwise prohibited by the Indenture; and

(15) an acquisition of assets used in a Permitted Business or Capital Stock in a Person engaged in a Permitted Business by the Company or a Subsidiary for consideration to the extent such consideration consists solely of Common Stock (other than Disqualified Stock) of the Company.

"**Permitted Liens**" means:

(1) Liens for taxes, assessments, governmental charges or claims that are being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;

(2) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, repairmen or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;

(3) Liens incurred or deposits made to secure (i) the performance of tenders, bids, leases, statutory or regulatory obligations, bankers' acceptances, completion guarantees, surety and appeal bonds, government contracts, performance and return-of-money bonds; (ii) reimbursement obligations with respect to letters of credit, performance and surety bonds and completion guarantees and other obligations of a similar nature; (iii) liability for premiums to insurance carriers; and (iv) posted cash as collateral for guarantees (in each case, incurred in the ordinary course of business and exclusive of obligations for the payment of borrowed money);

(4) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Company and the Restricted Subsidiaries, taken as a whole;

(5) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person (i) becomes a Restricted Subsidiary or (ii) is merged with or into or consolidated with the Company or any Restricted Subsidiary; *provided* that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets of such Person (if such Person becomes a Restricted Subsidiary) or the property or assets acquired by the Company or such Restricted Subsidiary (if such Person is merged with or into or consolidated with the Company or such Restricted Subsidiary); *provided*

further that such Liens were not created in contemplation of or in connection with the transactions or series of transactions pursuant to which such Person became a Restricted Subsidiary; *provided further* that such Liens shall not include Liens incurred under clause (25) of this definition;

(6) Liens in favor of the Company;

(7) Liens arising from the rendering of a final judgment or order against the Company or any Restricted Subsidiary that do not give rise to an Event of Default;

(8) Liens securing reimbursement obligations with respect to letters of credit, performance and surety bonds and completion guarantees that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;

(9) Liens existing on the Original Issue Date;

(10) Liens securing Indebtedness which is Incurred to refinance secured Indebtedness which is permitted to be Incurred under clause (2)(d) of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*"; *provided* that in the case of Indebtedness described under clauses (2)(d)(i)(A) and (2)(d)(i)(B), such Liens do not (i) extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced; and (ii) rank higher in priority than the Liens on such property or assets securing the secured Indebtedness being refinanced, whether by priority of such Lien or the priority of payment on enforcement of such Lien;

(11) Liens securing Hedging Obligations permitted to be Incurred under clause (2)(e) of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*," *provided* that (i) Indebtedness relating to any such Hedging Obligation is, and is permitted under the covenant described under "*—Certain Covenants—Limitation on Liens*" to be, secured by a Lien on the same property securing such Hedging Obligation or (ii) such Liens are encumbering customary initial deposits or margin deposits or are otherwise within the general parameters customary in the industry and incurred in the ordinary course of business;

(12) Liens securing the Notes (including any Additional Notes issued in accordance with the Indenture);

(13) Liens securing Attributable Indebtedness that is permitted to be Incurred under the Indenture;

(14) Liens securing Permitted Priority Indebtedness;

(15) Liens securing Permitted Working Capital Indebtedness;

(16) Liens securing Permitted Secured Company Indebtedness;

(17) leases and licenses of intellectual property that do not materially interfere with the ordinary course of business of the Company and the Restricted Subsidiaries, taken as a whole;

(18) Liens on deposits securing trade letters of credit (and reimbursement obligations relating thereto) incurred in the ordinary course;

(19) survey exceptions, easements or reservations of, or rights of others for, licenses, rights-of-way, leases, sewers, electric lines, gas lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(20) security provided, or caused to be provided in the ordinary course of business (and not in connection with the borrowing of money or the obtaining of credit) to a public utility or any municipality or governmental or other public authority when required by such utility or municipality or governmental or other authority in connection with the operations of the Company and its Restricted Subsidiaries;

(21) Liens incurred or pledges or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security and employee health and disability benefits;

(22) Liens arising out of conditional sale, title retention consignment or similar arrangements for the sale of goods entered into by the Company or any Restricted Subsidiary in the ordinary course of business in accordance with past practice;

(23) bankers' Liens, rights of setoff and other similar Liens existing solely with respect to cash and cash equivalents on deposit in one or more accounts maintained by the Company granted in the ordinary course of business in favor of the bank or banks with which such accounts are maintained, securing amounts owing to such bank with respect to cash management and operating account arrangements, including those involving pooled accounts, netting arrangements or sweep accounts; *provided* that, unless such Liens are non-consensual and arise by operation of law, in no case shall any such Liens secure (directly or indirectly) the repayment of any Indebtedness;

(24) Liens (unless such Liens are non-consensual) relating to purchase orders and other agreements entered into with customers of the Company or any Restricted Subsidiary in the ordinary course of business;

(25) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(26) Liens (unless such Liens are non-consensual) on equipment of the Company or any Restricted Subsidiary and located on the premises of any client or supplier in the ordinary course of business;

(27) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure obligations of such Unrestricted Subsidiary;

(28) Liens on assets or securities deemed to arise in connection with and solely as a result of the execution, delivery or performance of contracts to sell such assets or securities if such sale is otherwise permitted by the Indenture;

(29) Liens in connection with any disposition of Capital Stock of a Restricted Subsidiary pursuant to regulatory or shareholding requirements, including, without limitation, the ability to enter into put or call arrangements with third parties; and

(30) Liens incurred in the ordinary course of business of the Company or any Restricted Subsidiary not otherwise described in the foregoing clauses with respect to obligations that in the aggregate do not exceed US$2.0 million outstanding at any given time.

"**Permitted Parent Payments**" means, without duplication as to amounts, any payment of dividends, other distributions or other amounts or the making of loans or advances by the Company or any Restricted Subsidiary to any Parent Entity of the Company for the purposes set forth below:

(1) to pay accounting, legal, administrative and other general corporate and overhead expenses, any taxes and other fees and expenses required to maintain such Parent Entity's corporate existence and to provide for other ordinary course operating costs, including customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, officers and employees of such Parent Entity to pay fees and expenses incurred in the ordinary course of business to auditors and legal advisors and to pay reasonable directors' fees and directors' and officers' liability insurance premiums and to reimburse reasonable out of pocket expenses of the board of directors of such Parent Entity and to pay fees and expenses, as incurred, of an offering of such Parent Entity's securities or Indebtedness, or of an acquisition, in each case, where the proceeds of such offering or such acquisition, as the case may be, were intended to be contributed to or combined with the Company or any Restricted Subsidiary;

(2) costs (including all professional fees and expenses) incurred by any Parent Entity of the Company in connection with reporting obligations under or otherwise incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Company or any Restricted Subsidiary;

(3) to pay, without duplication, any income taxes, to the extent such income taxes are attributable to the income of the Company and the Restricted Subsidiaries and, to the extent of the amount actually received by the Company in cash from its Unrestricted Subsidiaries, in amounts required to pay such taxes to the extent attributable to the income of such Unrestricted Subsidiaries; and

(4) otherwise in an aggregate amount not to exceed US$1.0 million (or the Dollar Equivalent thereof) in any calendar year.

"**Permitted Priority Indebtedness**" means any Priority Indebtedness; *provided* that, on the date of Incurrence of such Indebtedness, and after giving pro forma effect thereto and the application of the proceeds thereof, the Consolidated Priority Indebtedness Leverage Ratio would be no greater than 0.2 to 1.0.

"**Permitted Secured Company Indebtedness**" means any Secured Company Indebtedness; provided that, on the date of Incurrence of such Indebtedness, and after giving pro forma effect thereto and the application of the proceeds thereof, the aggregate principal amount of all outstanding Secured Company Indebtedness will not exceed US$10.0 million.

"**Person**" means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

"**Preferred Stock**" as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its term is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"**Priority Indebtedness**" means (i) any Indebtedness of any Restricted Subsidiary and (ii) any Secured Indebtedness, but in each case excluding the amount of any Indebtedness of any Restricted Subsidiary Incurred pursuant to clauses (2)(c), (2)(e) and (2)(f) of the covenant described under "—Certain Covenants—Limitation on Indebtedness."

"**Rating Agencies**" means (1) S&P, (2) Moody's and (3) Fitch; provided that if S&P, Moody's, Fitch, two of any of the three or all three of them will not make a rating of the Notes publicly available, one or more nationally recognized statistical rating organizations (as defined in Section 3(a)(62) under the Exchange Act), as the case may be, selected by the Company, which shall be substituted for S&P, Moody's, Fitch, two of any of the three or all three of them, as the case may be.

"**Rating Category**" means (1) with respect to S&P, any of the following categories: "BB," "B," "CCC," "CC," "C" and "D" (or equivalent successor categories); (2) with respect to Moody's, any of the following categories: "Ba," "B," "Caa," "Ca," "C" and "D" (or equivalent successor categories); (3) with respect to Fitch, any of the following categories: "BB," "B," "CCC," "CC," "C" and "D" (or equivalent successor categories); and (4) the equivalent of any such category of S&P, Moody's or Fitch used by another Rating Agency. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories ("+" and "-" for S&P; "1," "2" and "3" for Moody's; "+" and "-" for Fitch; or the equivalent gradations for another Rating Agency) will be taken into account (*e.g.*, with respect to S&P, a decline in a rating from "BB+" to "BB," as well as from "BB-" to "B+," will constitute a decrease of one gradation).

"**Rating Date**" means in connection with actions contemplated under "—Consolidation, Merger and Sale of Assets," that date which is 90 days prior to the earlier of (x) the occurrence of any such actions as set forth therein and (y) a public notice of the occurrence of any such actions.

"**Rating Decline**" means in connection with actions contemplated under "—Consolidation, Merger and Sale of Assets," the notification by any of the Rating Agencies that such proposed actions will result in any of the events listed below:

(1) in the event the Notes are rated by two or more of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by any of such Rating Agencies shall be below Investment Grade;

(2) in the event the Notes are rated by one, and only one, of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by such Rating Agency shall be below Investment Grade; or

(3) in the event the Notes are rated below Investment Grade by all of the Rating Agencies (or the sole Rating Agency) on the Rating Date, the rating of the Notes by any Rating Agency shall be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories).

"**Replacement Assets**" means, on any date: (i) property or assets (other than current assets) of a nature or type or that are used in a Permitted Business, (ii) other assets that are not classified as current assets under GAAP but are used or useful in a Permitted Business and (iii) Capital Stock of any Person holding such property or assets, which is primarily engaged in a Permitted Business and will upon the acquisition by the Company or any Restricted Subsidiary of such Capital Stock, become a Restricted Subsidiary.

"**Restricted Subsidiary**" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"**S&P**" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors.

"**Sale and Leaseback Transaction**" means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Company or any Restricted Subsidiary transfers such property to another Person and the Company or any Restricted Subsidiary leases it from such Person.

"**Secured Company Indebtedness**" means any Indebtedness of the Company secured by a Lien.

"**Secured Indebtedness**" means any Indebtedness of the Company or a Restricted Subsidiary secured by a Lien.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended.

"**Senior Indebtedness**" of the Company or a Restricted Subsidiary, as the case may be, means all Indebtedness of the Company or the Restricted Subsidiary, as relevant, whether outstanding on the Original Issue Date or thereafter created, except for Indebtedness which, in the instrument creating or evidencing the same, is expressly stated to be subordinated in right of payment to the Notes; *provided* that Senior Indebtedness does not include (1) any obligation to the Company or any Restricted Subsidiary, (2) Trade Payables or (3) Indebtedness Incurred in violation of the Indenture.

"**Significant Subsidiary**" means any Restricted Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated under the Securities Act, as such regulation is in effect on the Original Issue Date.

"**Stated Maturity**" means, (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final instalment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (2) with respect to any scheduled instalment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such instalment is due and payable as set forth in the documentation governing such Indebtedness, and shall not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"**Subordinated Indebtedness**" means any Indebtedness of the Company that is contractually subordinated or junior in right of payment to the Notes pursuant to a written agreement to such effect.

"**Subordinated Shareholder Funding**" means, collectively, any funds provided to the Company by (or any other debt obligations of the Company for borrowed money owed to) any Parent Entity of the Company, any Affiliate of any such Parent Entity, any Permitted Holder or any other holder of Capital Stock of any such Parent Entity or any Affiliate thereof, in exchange for or pursuant to any security,

instrument or agreement other than Capital Stock, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided* that such Subordinated Shareholder Funding:

(1) does not (including upon the happening of any event) mature or require any amortization or other payment of principal prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of any such security or instrument for Capital Stock (other than Disqualified Stock) or for any other security or instrument meeting the requirements of the definition);

(2) does not (including upon the happening of any event) require the payment of cash interest prior to the first anniversary of the Stated Maturity of the Notes;

(3) does not (including upon the happening of any event) provide for the acceleration of its maturity or confer on its shareholders any right (including upon the happening of any event) to declare a default or event of default or take any enforcement action, in each case, prior to the first anniversary of the Stated Maturity of the Notes;

(4) is not secured by a Lien on any assets of the Company or a Restricted Subsidiary and is not guaranteed by any Subsidiary of the Company;

(5) is contractually subordinated or junior in right of payment to the prior payment in full of the Notes in the event of any Default, bankruptcy, reorganization, liquidation, winding up or other disposition of assets of the Company pursuant to a written agreement to such effect;

(6) does not (including upon the happening of any event) restrict the payment of amounts due in respect of the Notes or compliance by the Company with its obligations under the Notes or the Indenture;

(7) does not (including upon the happening of an event) constitute Voting Stock; and

(8) is not (including upon the happening of any event) mandatorily convertible or exchangeable, or convertible or exchangeable at the option of the holder thereof, in whole or in part, prior to the date on which the Notes mature, other than into or for Common Stock (other than Disqualified Stock) of the Company.

"**Subsidiary**" means, with respect to any Person, any corporation, association or other business entity of which more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person.

"**Temporary Cash Investment**" means any of the following:

(1) direct obligations of the United States of America, Hong Kong, Singapore, a member state of the European Union, Canada or the Republic of India, or, in each case, any agency of either of the foregoing or obligations fully and unconditionally Guaranteed by such country or any agency of the foregoing, in each case maturing within one year;

(2) demand or time deposit accounts, certificates of deposit and money market deposits maturing within one year of the date of acquisition thereof issued by a bank, trust company or other financial institution that is organized under the laws of the United States of America or India or any other bank, trust company or financial institution which is authorized to carry on business

in India and which bank, trust company or financial institution (x) has capital, surplus and undivided profits aggregating in excess of US$100.0 million (or the Dollar Equivalent thereof) and (y) has outstanding debt which is rated "A" or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Section 3(a)(62) under the Exchange Act);

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank or trust company meeting the qualifications described in clause (2) above;

(4) commercial paper, maturing not more than one year after the date of acquisition thereof, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America or India or any other bank, trust company or financial institution which is authorized to carry on business in India with a rating at the time as of which any investment therein is made of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P or Fitch;

(5) securities with maturities of one year or less from the date of acquisition thereof, issued or fully and unconditionally Guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, rated at least "A" by S&P, Moody's or Fitch;

(6) any money market fund that has at least 95% of its assets continuously invested in investments of the types described in clauses (1) through (5) above; and

(7) demand or time deposit accounts, certificates of deposit and money market deposits, bankers acceptances, in each case, in the ordinary course of business and with maturities not exceeding one year from the date of acquisition, with any lender party to a credit facility with the Company or any Restricted Subsidiary or, solely in the ordinary course of business of the Company or the relevant Restricted Subsidiary, with a commercial bank having capital and surplus in excess of US$100.0 million (or the Dollar Equivalent thereof) and located in the jurisdiction where the Company or such Restricted Subsidiary is conducting business.

"**Total Assets**" means, as of any date, the total consolidated assets of the Company and the Restricted Subsidiaries measured in accordance with GAAP as of the last date of the most recent fiscal quarter for which consolidated financial statements of the Company (which the Company will use its reasonable best efforts to compile in a timely manner) are available (which may be internal consolidated financial statements).

"**Total Revenue**" means the aggregate amount of consolidated revenue, determined in conformity with GAAP, for the then most recent four fiscal quarters for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may be internal consolidated financial statements).

"**Trade Payables**" means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services and, unless the amount payable under such indebtedness or obligation is being contested or disputed by such Person in good faith, payable within 180 days.

"**Transaction Date**" means, with respect to the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred and, with respect to any Restricted Payment, the date such Restricted Payment is to be made.

"**Unrestricted Subsidiary**" means (1) Jubilant Life Sciences (Shanghai) Limited, (2) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided in the Indenture and (3) any Subsidiary of an Unrestricted Subsidiary.

"**U.S. Government Obligations**" means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally Guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof at any time prior to the Stated Maturity of the Notes, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

"**U.S. Treasury Rate**" means, as of any redemption date, the yield to maturity as of the earlier of (a) such redemption date or (b) the date on which such Notes are defeased or satisfied and discharged, of the most recently issued United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to such date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to October 6, 2019; *provided, however,* that if the period from the redemption date to October 6, 2019, is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used. Any such Treasury Rate shall be obtained by the Company.

"**Voting Stock**" means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

"**Wholly Owned**" means, with respect to any Restricted Subsidiary, the ownership of all of the outstanding Capital Stock of such Subsidiary (other than any director's qualifying shares or Investments by foreign nationals mandated by applicable law) by the Company or one or more Wholly Owned Subsidiaries of the Company.

TAXATION

The information provided below does not purport to be a comprehensive description of all tax considerations that may be relevant to a decision to purchase Notes. In particular, the information does not consider any specific facts or circumstances that may apply to a particular purchaser. Neither these statements nor any other statements in this Offering Memorandum are to be regarded as advice on the tax position of any holder of Notes or of any person acquiring, selling or otherwise dealing in securities or on any tax implications arising from the acquisition, sale of or other dealings in Notes. The statements do not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in Notes) may be subject to special rules.

Prospective purchasers of Notes are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of Notes, including the effect of any applicable tax laws of Singapore or any political sub division thereof. Additionally, in view of the number of different jurisdictions where local laws may apply, this Offering Memorandum does not discuss the local tax consequences to a potential holder arising from the acquisition, holding or disposition of the Notes. Prospective investors must, therefore, inform themselves as to any tax laws and regulations in force relating to the purchase, holding or disposition of the Notes in their country of residence and in the countries of which they are citizens or in which they purchase, hold or dispose of Notes.

Singapore Taxation

The statements made herein regarding taxation are general in nature and based on certain aspects of the tax laws of Singapore and administrative guidelines and circulars issued by the relevant authorities in force as of the date of this Offering Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or in the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retrospective basis. The statements made herein do not purport to be a comprehensive or exhaustive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Notes are advised to consult their own tax advisers as to the Singapore or other tax consequences of the acquisition, ownership or disposition of the Notes including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Company, the Joint Lead Managers, and any other persons involved in this Offering Memorandum accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

Interest and other payments

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act (Chapter 134 of Singapore) (the "**ITA**"), the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent

establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15% final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17%. The applicable rate for non-resident individuals is 22% with effect from Year of Assessment 2017. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15% The rate of 15 percent may be reduced by applicable tax treaties.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after January 1, 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after February 17, 2006; and

(c) prepayment fee, redemption premium or break cost from debt securities derived on or after February 15, 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

References to "break cost", "prepayment fee" and "redemption premium" in this Singapore tax disclosure have the same meaning as defined in the ITA and are defined in the ITA as follows:

(a) "break cost" means, in relation to debt securities, qualifying debt securities or qualifying project debt securities, any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

(b) "prepayment fee" means, in relation to debt securities, qualifying debt securities or qualifying project debt securities, any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

(c) "redemption premium" means, in relation to debt securities, qualifying debt securities or qualifying project debt securities, any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

As the issue of the Notes is jointly lead-managed by Citigroup Global Markets Singapore Pte. Ltd., Credit Suisse (Hong Kong) Limited, DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited (Singapore Branch) and J.P. Morgan (S.E.A.) Limited, of which Citigroup Global

Markets Singapore Pte. Ltd., DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited (Singapore Branch) and J.P. Morgan (S.E.A.) Limited are each a Financial Sector Incentive (Standard Tier) Company (as defined in the ITA), the Notes issued as debt securities during the period from the date of this Offering Memorandum to December 31, 2018 would be, pursuant to the ITA, "qualifying debt securities" for the purposes of the ITA, to which the following treatments shall apply:

(a) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Company, or such other person as the Monetary Authority of Singapore ("**MAS**") may direct, of a return on debt securities for the Notes within such period as the MAS may specify and such other particulars in connection with the Notes as the MAS may require to the MAS and the inclusion by the Company in all offering documents relating to the Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Notes using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Specified Income**") from the Notes paid by the Company and derived by a holder who is not resident in Singapore and who (i) does not have any permanent establishment in Singapore or (ii) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Notes are not obtained from such operation in Singapore, are exempt from Singapore tax;

(b) subject to certain conditions having been fulfilled (including the furnishing by the Company, or such other person as the MAS may direct, of a return on debt securities for the Notes within such period as the MAS may specify and such other particulars in connection with the Notes as the MAS may require to the MAS), Specified Income from the Notes paid by the Company and derived by any company or body of persons (as defined in the ITA) in Singapore is generally subject to tax at a concessionary rate of 10%; and

(c) subject to:

    (i) the Company including in all offering documents relating to the Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) derived from the Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

    (ii) the Company, or such other person as the MAS may direct, furnishing to the MAS a return on debt securities for the Notes within such period as the MAS may specify and such other particulars in connection with the Notes as the MAS may require,

payments of Specified Income derived from the Notes are not subject to withholding of tax by the Company.

However, notwithstanding the foregoing:

(a) if during the primary launch of the Notes, the Notes are issued to fewer than four (4) persons and 50% or more of the issue of the Notes is held beneficially or funded, directly or indirectly, by a related party or related parties of the Company, the Notes would not qualify as "qualifying debt securities" and

(b) even though the Notes are "qualifying debt securities", if, at any time during the tenure of the Notes, 50% or more of the issue of the Notes which are outstanding at any time during the life of their issue is held beneficially or funded, directly or indirectly, by any related party(ies) of the Company, Specified Income derived from the Notes held by:

(i) any related party of the Company; or

(ii) any other person who acquires the Notes with funds obtained, directly or indirectly, from any related party of the Company,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "related party", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Notwithstanding that the Company is permitted to make payments of Specified Income in respect of the Notes without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose Specified Income (whether it is interest, discount income, prepayment fee, redemption premium or break cost) derived from the Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or are required to apply Singapore Financial Reporting Standard 39 —Financial Instruments: Recognition and Measurement ("**FRS 39**") for Singapore income tax purposes may be required to recognize gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal. Please see the section below on "*—Adoption of FRS 39 Treatment for Singapore Income Tax Purposes*".

Adoption of FRS 39 Treatment for Singapore Income Tax Purposes

The IRAS has issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39—Financial Instruments: Recognition and Measurement" (the "**FRS 39 Circular**") (last revised on March 16, 2015). Legislative amendments to give effect to the FRS 39 Circular have been enacted in Section 34A of the ITA.

Holders of the Notes who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after February 15, 2008.

PLAN OF DISTRIBUTION

Each of the Joint Lead Managers has, pursuant to and subject to the terms and conditions set forth in a purchase agreement (the "**Purchase Agreement**") to be dated as of the date of this Offering Memorandum, severally agreed to subscribe or procure subscribers for the respective principal amount of Notes set out opposite its name below, subject to the provisions of the Purchase Agreement.

Name of Joint Lead Managers	Amount (US$)
Citigroup Global Markets Singapore Pte. Ltd.	60,000,000
Credit Suisse (Hong Kong) Limited	60,000,000
DBS Bank Ltd.	60,000,000
The Hongkong and Shanghai Banking Corporation Limited	60,000,000
J.P. Morgan (S.E.A.) Limited	60,000,000
Total	**300,000,000**

We will be paying a fee to the Joint Lead Managers and will reimburse the Joint Lead Managers in respect of certain of their expenses. We have also agreed to indemnify the Joint Lead Managers against certain liabilities, including liabilities under the Securities Act, and will contribute to payments that the Joint Lead Managers may be required to make in respect thereof. The Purchase Agreement may be terminated in certain circumstances prior to payment of the issue price to us.

Investors who purchase Notes from the Joint Lead Managers may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the offering price set forth on the cover page of this Offering Memorandum.

We expect that delivery of the Notes will be made against payment therefor on or about October 6, 2016, which we expect will be the fifth business day following the pricing date of the Notes (this settlement cycle being referred to as "T+5"). Under Rule 15c6-1 of the U.S. Securities Exchange Act of 1934, as amended, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes on the date of pricing or the next succeeding business day will be required, by virtue of the fact that the Notes initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes on the date of pricing or succeeding business days should consult their own legal advisor.

The Joint Lead Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Each Joint Lead Manager and their respective affiliates have, from time to time, engaged in, and may in the future engage in, investment banking, financing, private banking, commercial banking or financial consulting activities and other commercial dealings in the ordinary course of business with the Company, the Parent and their respective affiliates. They have received and expect to continue to receive customary fees and commissions for these activities and dealings. In addition, in the ordinary course of business, each Joint Lead Manager and its affiliates may trade the Company's or the Parent's securities, loans or other financial instruments or the securities, loans or other financial instruments of the Company's or the Parent's affiliates or derivatives relating to the foregoing for its and/or its affiliates' own account and/or for the accounts of customers, and may at any time hold a long or short position in such securities, loans or other financial instruments. Such investment and trading activities

may involve or relate to securities, loans and/or instruments of the Company, and/or persons and entities with relationships with the Company or the Parent and may also include swaps and other financial instruments entered into for hedging or currency conversion purposes in connection with our obligations relating to the Notes. Our obligations under these transactions may be secured by cash or other collateral, if and to the extent permitted under the Notes and our other obligations. The Joint Lead Managers and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except in accordance with Regulation S or pursuant to an exemption from the registration requirements of the Securities Act. The Joint Lead Managers represent, warrant and agree that they have not offered or sold, and will not offer or sell, any Notes within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither the Joint Lead Managers, their affiliates, nor any persons acting on their behalf have engaged or will engage in any directed selling efforts with respect to the Notes. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

European Economic Area

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), no Notes have been offered or will be offered to the public in that Relevant Member State, except that offers of Notes to the public may be made at any time with effect from and including the Relevant Implementation Date in a Relevant Member State in accordance with the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in such Relevant Member State, as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Joint Lead Managers for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall result in a requirement for the publication by the Company or any Joint Lead Managers of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression "an offer of the Notes to the public" in relation to any of the Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State,

the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

Each subscriber for or purchaser of Notes described in this Offering Memorandum located within a Relevant Member State will be deemed to have represented, acknowledged and agreed that it is a qualified investor within the meaning of Article 2(1)(e) of the Prospectus Directive. In the case of any Notes being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that any Notes subscribed for or acquired by it have not been subscribed for or acquired on a non-discretionary basis on behalf of, nor have they been subscribed for or acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Notes to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined in the Prospectus Directive or in circumstances in which the prior consent of the Joint Lead Managers has been obtained to each such proposed offer or resale.

Each of the Company, the Joint Lead Managers and their respective affiliates will rely on the trust and accuracy of the foregoing representations. Notwithstanding the above, a person who is not a qualified investor and who has notified the Joint Lead Managers of such fact in writing

Hong Kong

The contents of this Offering Memorandum have not been reviewed by any regulatory authority in Hong Kong.

You are advised to exercise caution in relation to the Offering. If you are in any doubt about any of the contents of this Offering Memorandum, you should obtain independent professional advice. Please note that (1) shares may not be offered or sold in Hong Kong by means of this Offering Memorandum or any other document other than to professional investors within the meaning of Part I of Schedule 1 to the Securities and Futures Ordinance of Hong Kong (Cap. 571) ("**SFO**") and any rules made thereunder, or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong (Cap. 32) ("**CMO**") or which do not constitute an offer or invitation to the public for the purposes of the CMO or the SFO, and (2) no person shall issue, or possess for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to shares which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to such professional investors.

India

This Offering Memorandum has not been, nor will it be, registered, produced or published as an offer document (whether as a prospectus in respect of a public offer or information memorandum, private placement offer letter or other offering material in respect of any private placement under the Companies Act or any other applicable Indian laws) with any Registrar of Companies, the SEBI, the RBI, any Indian stock exchange or any other statutory or regulatory body of like nature in India, save and except any information forming part of the Offering Memorandum which is mandatorily required to be disclosed or filed in India under any applicable Indian laws, including but not limited to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as

amended, and under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended or pursuant to the sanction of any regulatory and adjudicatory body in India. The Notes will not be offered or sold, and have not been offered or sold in India by means of any document, this Offering Memorandum or any other offering document or material relating to the Notes, directly or indirectly, to any person or to the public in India or to, or for the account or benefit of, any person in India, which would constitute an advertisement, invitation, offer, sale or solicitation of an offer to subscribe for or purchase any securities in violation of applicable Indian laws.

The Notes have not been approved by the Securities and Exchange Board of India, the Reserve Bank of India, any Registrar of Companies in India, any stock exchanges in India or any other regulatory authority of India, nor have the foregoing authorities approved the Offering Memorandum, or confirmed the accuracy or determined the adequacy of the information contained in the Offering Memorandum. The Offering Memorandum has not been and will not be registered as a prospectus or a statement in lieu of a prospectus with any Registrar of Companies in India.

Singapore

Neither this Offering Memorandum nor any other offering material in connection with any offering of the Notes has been registered as a prospectus with the Monetary Authority of Singapore. Each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold the Notes or caused the Notes to be made the subject of an invitation for subscription or purchase nor will it offer or sell the Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, nor has it circulated or distributed, nor will it circulate or distribute this Offering Memorandum or any other document or material in connection with the offer or sale or invitation for the subscription or purchase of any Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

United Kingdom

This Offering Memorandum is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**") or (iii) persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Order or (iv) persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with any offer of the Notes may otherwise be lawfully communicated or caused to be communicated (all such persons together being referred to as "**relevant persons**"). Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. Persons who are not relevant persons should not take any action on the basis of this Offering Memorandum and should not act or rely on it.

TRANSFER RESTRICTIONS

Because of the following restrictions, prospective investors are encouraged to consult their legal counsel prior to making any offer, resale, pledge or other transfer of the Notes.

Each purchaser of the Notes will be deemed to:

(1) represent that it is purchasing the Notes in an offshore transaction in accordance with Regulation S under the Securities Act;

(2) acknowledge that the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from registration under the Securities Act;

(3) agree that it will inform each person to whom it transfers Notes of any restrictions on transfer of such Notes;

(4) acknowledge that the Notes will be represented by the Global Certificate, and that transfers thereof are subject to and will only be effected through the records maintained by the Euroclear and Clearstream;

(5) acknowledge that we and the Joint Lead Managers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements, and agree that if any of the acknowledgements, representations or agreements deemed to have been made by its purchase of the Notes are no longer accurate, it shall promptly notify us and the Joint Lead Managers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account;

(6) acknowledge that neither us nor the Joint Lead Managers nor any person representing us or the Joint Lead Managers has made any representation with respect to us or the Offering, other than the information contained in this Offering Memorandum;

(7) represent that it is relying only on this Offering Memorandum in making its investment decision with respect to the Notes;

(8) agree that it has had access to such financial and other information concerning us and the Notes as it has deemed necessary in connection with its decision to purchase the Notes, including an opportunity to ask questions of and request information from us;

(9) represent that it is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the Securities Act; and

(10) acknowledge that each note will contain a legend substantially to the following effect.

"THIS NOTE HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION."

LEGAL MATTERS

Certain legal matters in connection with this offering will be passed upon for the Company by White & Case LLP as to New York State law and White & Case Pte. Ltd. as to matters of Singapore law. Certain legal matters in connection with this offering will be passed upon for the Joint Lead Managers by Latham & Watkins LLP as to matters of New York State law and WongPartnership LLP as to matters of Singapore tax law.

INDEPENDENT AUDITOR

Our consolidated financial statements as at and for each of the fiscal years ended March 31, 2014, 2015 and 2016 included elsewhere in this Offering Memorandum have been audited by KPMG, as stated in their audit report appearing in this Offering Memorandum.

Our unaudited interim condensed consolidated financial statements as at June 30, 2016 and for the three months ended June 30, 2015 and 2016 included elsewhere in this Offering Memorandum have been reviewed by KPMG, as stated in their review report appearing in this Offering Memorandum.

GENERAL INFORMATION

1. The creation and issue of the Notes has been authorized by resolutions of the Company's board of directors dated September 23, 2016.

2. Save as disclosed in this Offering Memorandum, there are no, nor have there been any, litigation or arbitration proceedings, including those which are pending or threatened, of which the Company is aware, which may have, or have had during the 12 months prior to the date of this Offering Memorandum, a material adverse effect on the Company's financial position.

3. Save as disclosed in this Offering Memorandum, there has been no material change in the Company's financial or trading position since June 30, 2016 and, since such date, save as disclosed in this Offering Memorandum, there has been no material adverse change in the Company's financial position or prospects.

4. Save as disclosed in this Offering Memorandum, all necessary consents, approvals and authorisations have been obtained in connection with the issue and performance of the Notes.

5. Copies of the following documents, all of which are published in English, may be inspected during normal business hours at the offices of BNY Mellon Corporate Trust after the date of this Offering Memorandum, for so long as any of the Notes remain outstanding:

   (a) The Company's Memorandum and Articles of Association;

   (b) The Company's audited consolidated financial statements for the years ended March 31, 2014, 2015 and 2016; and

   (c) The Company's unaudited interim consolidated financial statements for the three months ended June 30, 2015 and 2016.

6. The Notes are expected to be accepted for clearance through Euroclear and Clearsteam under the Common Code number 149372229 and the International Securities Identification Number for the Notes is XS149372229.

7. Approval-in-principle has been received from the SGX-ST for the listing of the Notes on the Official List of the SGX-ST. The SGX-ST takes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Offering Memorandum. Admission of the Notes to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Company or the Notes. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Company shall appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Certificate is exchanged for Notes in definitive registered form. In addition, an announcement of such exchange shall be made by or on behalf of the Company through the SGX-ST and such announcement will include all material information with respect to the delivery of the Notes in definitive registered form, including details of the paying agent in Singapore.

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Independent Accountants' Report

The Board of Directors and Shareholders
Jubilant Pharma Limited

We have reviewed the accompanying condensed consolidated balance sheet of Jubilant Pharma Limited ("the Company") and its subsidiaries and partnerships (collectively referred to as the "the Group") as of June 30, 2016, and the condensed consolidated statements of income, the condensed consolidated statements of changes in stockholders' equity, the condensed consolidated statements of comprehensive income/(loss) and the condensed consolidated statements of cash flows for the three-month periods ended June 30, 2016 and 2015. This interim financial information is the responsibility of the Company's management.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial information taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of the Group as of March 31, 2016, and the related consolidated statements of income, stockholders' equity and comprehensive income/(loss), and cash flows for the year then ended (not presented herein); and in our report dated September 13, 2016, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of March 31, 2016, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

KPMG

Gurgaon, India
September 13, 2016

KPMG, an Indian partnership firm, and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

JUBILANT PHARMA LIMITED
Condensed Consolidated Balance Sheets
(Unaudited)
(All amounts in United States dollars, unless otherwise stated)

	Notes	As of March 31, 2016	As of June 30, 2016
Current assets			
Cash and cash equivalents	4	29,363,061	21,401,849
Trade accounts receivable, net	6	96,353,664	90,229,290
Inventories	7	103,956,424	105,754,076
Restricted cash	5	69,821	55,011
Due from related parties	22	593,670	538,923
Prepaid expenses and other current assets	8	38,620,861	17,651,812
Total current assets		**268,957,501**	**235,630,961**
Property, plant and equipment, net	9	260,725,703	256,855,447
Goodwill	10	155,979,959	155,817,833
Intangible assets, net	10	4,108,810	3,818,720
Investment securities	11	2,173,500	2,173,797
Restricted cash	5	2,252	2,210
Deferred income taxes	21	28,597,136	28,765,331
Other assets		1,363,760	2,608,471
Total assets		**721,908,621**	**685,672,770**
Liabilities and stockholders' equity			
Current liabilities			
Short term borrowings	15	45,701,814	28,281,669
Current portion of long term debt	14	24,815,076	37,207,565
Trade accounts payable		31,419,532	27,774,589
Due to related parties	22	20,124,972	20,155,909
Deferred revenue		2,700,373	2,435,847
Accrued expenses and other current liabilities	13	45,798,052	28,400,231
Total current liabilities		**170,559,819**	**144,255,810**
Long term debt, excluding current portion	14	326,684,718	299,706,349
Deferred income taxes	21	6,320,763	6,621,228
Other liabilities		14,955,739	16,600,062
Total liabilities		**518,521,039**	**467,183,449**
Stockholders' equity			
Common stock	18	326,758,994	326,758,994
Additional paid in capital		(67,958,028)	(67,950,623)
Retained earnings		(23,399,745)	(7,317,843)
Accumulated other comprehensive income/ (loss)		(32,013,639)	(33,001,207)
Total stockholders' equity		**203,387,582**	**218,489,321**
Commitments and contingencies	24	-	-
Total liabilities and stockholders' equity		**721,908,621**	**685,672,770**

See accompanying notes to the condensed consolidated financial statements.

JUBILANT PHARMA LIMITED

Condensed Consolidated Statements of Income

(Unaudited)

(All amounts in United States dollars, unless otherwise stated)

	Notes	Three months ended June 30, 2015	Three months ended June 30, 2016
Revenues, net		117,331,801	115,523,229
Cost of goods sold	12	66,268,707	61,999,053
Selling, general and administration expenses	12	15,945,931	16,045,773
Research and development expenses	12	6,132,915	6,284,651
Other operating income, net	19	1,747,348	1,398,949
Depreciation and amortization	9,10,12	6,226,851	5,910,329
Income from operations		**24,504,745**	**26,682,372**
Other (income)/expenses, net	20	6,882,919	6,769,504
Income before income taxes		**17,621,826**	**19,912,868**
Income tax expense	21	2,432,716	3,830,966
Net income		**15,189,110**	**16,081,902**

See accompanying notes to the condensed consolidated financial statements.

JUBILANT PHARMA LIMITED

Condensed Consolidated Statements of Comprehensive Income/ (Loss)

(Unaudited)

(All amounts in United States dollars, unless otherwise stated)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Net income	15,189,110	16,081,902
Other comprehensive income/ (loss):		
Currency translation adjustments	4,433,302	(987,568)
Other comprehensive income / (loss)	4,433,302	(987,568)
Comprehensive income /(loss)	**19,622,412**	**15,094,334**

See accompanying notes to the condensed consolidated financial statements.

JUBILANT PHARMA LIMITED

Condensed Consolidated Statements of Changes in Stockholders' Equity

(Unaudited)

(All amounts in United States dollars, unless otherwise stated)

	Common stock		Additional paid in capital	Retained earnings	Accumulated other comprehensive income/ (loss)	Total stockholders' equity
	No. of shares	Amount				
Balance as of April 01, 2015	**326,758,994**	**326,758,994**	**(67,987,646)**	**(72,112,214)**	**(30,071,961)**	**156,587,173**
Stock-based compensation expense	-	-	26,110	-	-	26,110
Comprehensive income /(loss):						
Net income	-	-	-	15,189,110		15,189,110
Other comprehensive income /(loss):	-	-	-	-	4,433,302	4,433,302
Balance as of June 30, 2015	**326,758,994**	**326,758,994**	**(67,961,536)**	**(56,923,104)**	**(25,638,659)**	**176,235,695**
Balance as of April 01, 2016	**326,758,994**	**326,758,994**	**(67,958,028)**	**(23,399,745)**	**(32,013,639)**	**203,387,582**
Stock-based compensation expense	-	-	7,405	-	-	7,405
Comprehensive income /(loss):						
Net income	-	-	-	16,081,902		16,081,902
Other comprehensive income /(loss):	-	-	-	-	(987,568)	(987,568)
Balance as of June 30, 2016	**326,758,994**	**326,758,994**	**(67,950,623)**	**(7,317,843)**	**(33,001,207)**	**218,489,321**

See accompanying notes to the condensed consolidated financial statements.

JUBILANT PHARMA LIMITED

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(All amount in United States dollars, unless otherwise stated)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Operating activities		
Net income	15,189,110	16,081,902
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	6,226,851	5,910,329
Unrealised foreign exchange loss, net	126,417	618,604
Deferred income tax (benefit)/ expense	(1,138,933)	491,689
Expense on stock settled debt instrument	1,500,000	1,275,000
Allowance for doubtful receivables	79,869	13,890
Stock based compensation expense	26,110	7,405
Others, net	232,835	358,745
Changes in assets and liabilities, net		
(Increase) / decrease in trade accounts receivable	(4,284,885)	5,254,400
Decrease / (increase) in inventories	3,833,097	(2,434,353)
Decrease in other assets	1,075,465	17,588,751
Increase / (decrease) in trade accounts payable	1,678,006	(3,542,382)
Decrease in other liabilities	(6,234,199)	(20,994,589)
Net cash provided by operating activities	**18,309,743**	**20,629,391**
Cash flow from investing activities		
Movement in restricted cash	433	13,623
Purchase of property, plant, and equipment and intangibles	(6,532,180)	(3,686,265)
Proceeds from sale of property, plant and equipment	9,562	8,100
Proceeds from sale of investment	-	2,765,009
Investment in share warrants	-	(297)
Net cash used in investing activities	**(6,522,185)**	**(899,830)**
Cash flow from financing activities		
Repayments of long term debt^	(5,068,711)	(13,818,900)
Proceeds / (Repayments) from short term borrowings, net	4,488,534	(16,805,026)
Short term loan from related party	-	3,000,000
Short term loans repaid to related party	(6,000,000)	-
Net cash used in financing activities	**(6,580,177)**	**(27,623,926)**
Effect of exchange rate changes	399,567	(66,847)
Net increase/ (decrease) in cash and cash equivalents	5,606,948	(7,961,212)
Cash and cash equivalents at the beginning of the period	28,334,921	29,363,061
Cash and cash equivalents at the end of the period	**33,941,869**	**21,401,849**

^ Revolving credit facility of Jubilant HollisterStier LLC is presented on net basis.

See accompanying notes to the condensed consolidated financial statements.

1. Organisation

Jubilant Life Sciences Limited ("Jubilant India") is an Indian Company and the ultimate holding company of the Jubilant Group which comprises of Jubilant India and its subsidiaries. Jubilant Group is a global Pharmaceutical and Life Sciences player engaged in manufacture and supply of Active Pharmaceutical Ingredients ("APIs"), Generics, Specialty Pharmaceuticals and Life Science Ingredients.

During May 2005, Jubilant India incorporated Jubilant Pharma Limited ("JPL, Singapore" or "the Company") in Singapore as its wholly owned subsidiary which has since become an intermediate holding company for various entities of Jubilant Group across the globe.

Jubilant Pharma through its subsidiaries in USA, Canada, Europe and India is engaged in manufacturing and marketing of various pharmaceutical products and services like active pharmaceutical ingredients, dosage forms (tablets and capsules), contract manufacturing of sterile injectables, allergy therapy products and radiopharmaceutical products in various markets spread over United States, Canada, Europe, Asia and other geographies identified on the basis of revenue earned.

The direct / indirect subsidiaries, partnerships of JPL, Singapore are as follows:

S. No.	Name of the entity	Country of incorporation	Name of the parent company / investor	Date of incorporation/ acquisition by the group
Subsidiaries				
1	Jubilant HollisterStier LLC	Unites States of America (USA)	HSL Holdings Inc.	May 31, 2007
2	Jubilant DraxImage Inc.	Canada	Jubilant Pharma Limited	May 28, 2008
3	HSL Holdings Inc.	USA	Jubilant Pharma Holdings Inc.	May 16, 2007
4	Jubilant Clinsys Inc.	USA	Jubilant Pharma Holdings Inc.	October 4, 2005
5	Draximage Limited, Cyprus	Cyprus	Jubilant Pharma Limited	September 12, 2008
6	Draximage Limited, Ireland	Ireland	Draximage Limited, Cyprus	October 20, 2008
7	Draximage LLC	USA	Draximage Limited, Cyprus	May 28, 2008
8	Jubilant DraxImage (USA) Inc.	USA	Draximage Limited, Cyprus	November 4, 2008
9	Deprenyl Inc., USA	USA	Draximage Limited, Cyprus	November 4, 2008
10	6963196 Canada Inc.	Canada	Jubilant DraxImage Inc.	May 28, 2008
11	6981364 Canada Inc.	Canada	Jubilant DraxImage Inc.	May 28, 2008
12	DAHI Animal Health (UK) Limited	United Kingdom (UK)	Jubilant DraxImage Inc.	May 28, 2008
13	Draximage (UK) Limited	UK	Jubilant DraxImage Inc.	May 28, 2008

S No	Name of the entity	Country of incorporation	Name of the parent company / investor	Date of incorporation/ acquisition by the group
14	Jubilant DraxImage Limited	India	Draximage Limited, Cyprus	September 9, 2009
15	Jubilant HollisterStier Inc.	USA	HSL Holdings Inc.	October 1, 2009
16	Draxis Pharma LLC.	USA	Jubilant HollisterStier Inc.	October 1, 2009
17	Jubilant Generics Inc.	USA	Jubilant Pharma Holdings Inc	July 8, 2010
18	Jubilant Life Sciences (Switzerland) AG, Schaffhausen	Switzerland	Jubilant Pharma Limited	January 26, 2011
19	Cadista Holdings Inc.	USA	• Jubilant Generics Inc. held 82.38% in Cadista Holdings Inc. till December 22, 2014 • Effective December 23, 2014, Cadista Holdings Inc. became a 100% subsidiary of Jubilant Pharma Holdings Inc.	July 1, 2005
20	Jubilant Pharma Holdings Inc.	USA	Jubilant Pharma Limited holds 82%	September 12, 2005
21	Jubilant Cadista Pharmaceuticals Inc.	USA	Cadista Holdings Inc.	July 1, 2005
22	Jubilant Generics Limited	India	Jubilant Pharma Limited	November 25, 2013
23	Jubilant Pharma Trading Inc.	USA	Jubilant Pharma Holdings Inc.	April 24, 2014
24	Jubilant Pharma NV	Belgium	• Jubilant Generics Limited holds 77.65%. • Jubilant Pharma Limited holds 22.35%.	June 20, 2014
25	Jubilant Pharmaceuticals NV	Belgium	• Jubilant Pharma N.V. , holds 99.81% • Jubilant Pharma Limited, holds 0.19%	June 20, 2014

S No	Name of the entity	Country of incorporation	Name of the parent company / investor	Date of incorporation/ acquisition by the group
26	PSI Supply NV	Belgium	• Jubilant Pharma N.V., holds 99.50% • Jubilant Pharma Limited, holds 0.50%	June 20, 2014
27	Jubilant Life Sciences (Shanghai) Limited	China	Jubilant Pharma Limited	March 25, 2004
Partnerships				
28	Jubilant HollisterStier General Partnership	Canada	• Jubilant HollisterStier Inc. • Draxis Pharma LLC	May 28, 2008
29	Draximage General Partnership	Canada	• Jubilant DraxImage Inc. • 6981364 Canada Inc.	May 28, 2008

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2. Summary of significant accounting policies

a) Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) for interim financial information. Accordingly, they do not include certain information and note disclosures required by generally accepted accounting principles for annual financial reporting and should be read in conjunction with the consolidated financial statements for year ended March 31, 2016. The accompanying condensed consolidated financial statements have been prepared on a consolidated basis and reflect the financial statements of Jubilant Pharma Limited and its subsidiaries and partnerships (collectively hereinafter referred to as "the Group").

All intra-group transactions and balances are eliminated in preparation of these condensed consolidated financial statements.

b) Use of estimates

The preparation of these condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the allocation of various items to Carved In Divisions, useful lives of property, plant and equipment, useful lives of intangibles, fair value measurements for impairment assessment of long-lived assets/ goodwill, valuation allowance for deferred tax assets, accounting for deductions from revenues (such as rebates, charge backs, price equalisations, sales returns and bill backs), allowances for doubtful receivables, assessment for market value of inventory, measurements of stock-based compensation, assets and obligations related to employee benefits, income tax uncertainties and other contingencies. Management believes that the estimates used in the preparation of the condensed consolidated financial statements are reasonable. Although these estimates are based

upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any changes in estimates are adjusted prospectively in the condensed consolidated financial statements.

c) Functional currency and exchange rate translation

The condensed consolidated financial statements are reported in U.S. Dollars ("USD"). The functional currency of the Company is the U.S. Dollar. The functional currency of the entities situated in Canada, China, Belgium, Switzerland, United Kingdom and India is their respective local currency. The functional currency of all other entities forming part of the Group is the U.S. Dollar. The financial statements of all entities are included in the condensed consolidated financial statements, based on translation into U.S. Dollars.

Assets and liabilities are translated at year-end exchange rates, while revenues, expenses and cash flow items are translated at average exchange rates. Differences resulting from translation are presented in the condensed consolidated statements of comprehensive income/ (loss) as currency translation adjustments.

Transactions in foreign currencies are translated into the functional currency at the rates of exchange prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into the functional currency at the rates of exchange prevailing at the balance sheet date. The resultant gains or losses are included in the condensed consolidated statements of income.

d) Revenue recognition

Revenue is recognized when significant risks and rewards in respect of ownership of the products are transferred to the customer or when services are provided to customers and when the following criteria are met:

- Persuasive evidence of an arrangement exists;
- Delivery has occurred or services has been rendered;
- The price to the buyer is fixed and determinable; and
- Collectability of the sales price is reasonably assured.

Revenue is presented net of certain rebates/ discounts and allowances including charge-backs, price equalization, expected sales return, bill backs etc.

The computation of these estimates involves significant judgment based on various factors including contractual terms, historical experience, estimated inventory levels and expected sell-through levels in supply chain.

When the advance payment is received from customers, such payments are reported as advances from customers until all conditions for revenue recognition are met.

The revenue related to contract manufacturing arrangements is recognised as follows:

- Any fees including upfront fees received in relation to contract manufacturing arrangements is recognized on straight line basis over the period of completion of related production services. Revenue resulting from the achievement of milestone events stipulated in agreements is recognized when the milestone is achieved. Milestones are based upon the occurrence of a substantive element specified in the contract or as a measure of substantive progress towards completion under the contract.

- Subsequently, revenue towards commercial production services is recognized when services are complete and the product has met rigorous quality assurance testing, delivery is made, title transfers to the customer, and collection is reasonably assured. In certain instances, the Group's customers request that the Group retain materials produced upon completion of the commercial batch production due to the fact that the customer does not have a qualified facility to store those materials or for other reasons. In these instances, the revenue recognition process is considered complete when project documents have been delivered to the customer and amounts due have been collected/ collectable.

The Group enters into revenue arrangements to sell multiple products and/or services (multiple deliverables). Revenue arrangements with multiple deliverables are evaluated to determine if the deliverables (items) can be divided into more than one unit of accounting. An item can generally be considered a separate unit of accounting if all of the following criteria's are met:

- The delivered item(s) has value to the customer on a standalone basis;
- There is objective and reliable evidence of the fair value of the undelivered item(s); and
- If the arrangement includes a general right of return relative to the delivered item(s), delivery or performance of the undelivered item(s) is considered probable and substantially in the control of the Group.

If an arrangement contains more than one element, the arrangement consideration is allocated among separately identified elements based on relative fair values of each element.

The Group enters into collaborative agreements with other parties for product development. The agreement clearly provides for rights and responsibility of each party. All the milestones for product development are defined and responsibility of each party is clearly defined in terms of execution of their respective milestones and the amount to be spent. The Group recognises the amount spent by itself in its books of account whereas the amount spent by counter party is not recognised in the Group's books.

Clinical research services are offered through various fixed price, time and material or unit-based contracts. Revenue from fixed-price contracts for each separately identified element is recorded on a proportional performance basis. Revenue from time and material contracts are recognized as hours are incurred, multiplied by contractual billing rates.

Revenue from unit-based contracts is generally recognized as units are completed. Cost and earnings in excess of billings are classified as unbilled revenue while billings in excess of costs and earnings are classified as deferred revenue.

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

Non-refundable up-front license fees received in connection with product out-licensing agreements are deferred and recognized over the period in which the Group has continuing performance obligations.

Reimbursement of out of pocket expenses received from customers have been included as part of revenues.

Income in respect of entitlement towards export incentives is recognized in accordance with the relevant scheme on recognition of the related export sales. Such export incentives are recorded as part of other operating income.

Royalty revenue is recognized on an accrual basis in accordance with contractual agreements when all significant contractual obligations have been satisfied, the amounts are determinable and collection is reasonably assured.

Taxes collected from customers and remitted to governmental authorities are accounted for on a net basis and therefore are excluded from revenues in the condensed consolidated statements of income.

Shipping and other transportation costs charged to customers are recorded in both revenue and cost of goods sold.

e) Trade accounts receivable

Trade accounts receivable are recorded net of allowances for wholesaler chargebacks related to government and other programs, cash discounts for prompt payment and doubtful accounts. Estimates for wholesaler chargebacks for government and other programs and cash discounts are based on contractual terms, historical trends and our expectations regarding the utilization rates for these programs. Estimates of our allowance for doubtful accounts are determined based on existing contractual payment terms, historical payment patterns of our customers and individual customer circumstances, an analysis of days sales outstanding by geographic region and a review of the local economic environment and its potential impact on government funding and reimbursement practices. Historically, the amounts of uncollectible accounts receivable that have been written off have been insignificant and consistent with management's expectations.

f) Inventories

Inventories comprise raw materials, stores and spares, work-in-process and finished goods. Inventories are stated at lower of cost or net realizable value. Cost is determined using the weighted average method. Stores and spares comprise engineering spares such as machinery spares, and consumables such as lubricants and oils, which are used in operating machines or consumed as indirect materials in the manufacturing process. Cost in the case of raw materials and stores and spares, comprises the purchase price and attributable direct cost, less trade discounts. Cost in the case of work-in-progress and finished goods comprise direct labour, material cost and production overheads.

A write down of inventory to the lower of cost or net realizable value at the end of a reporting period creates a new cost basis and is not marked up based on changes in underlying facts and circumstances. Write-downs of cost to market value, if any, are included in the cost of goods sold.

g) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and all highly liquid investments purchased with an original maturity of three months or less.

h) Research and development and advertising

Revenue expenditure on research and development and advertising is expensed as incurred. Capital expenditure incurred on equipment and facilities that are acquired or constructed for research and development activities and having alternative future uses is capitalized as tangible assets when acquired or constructed. Advertising cost amounted to 198,779 and 193,908 for the period ended June 30, 2015 and June 30, 2016, respectively.

i) Property, plant, and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and amortization. The Group depreciates property, plant and equipment over the estimated useful life using the straight-line method. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited or charged to condensed consolidated statements of income.

The estimated useful lives of assets are as follows:

Buildings	30-60 years
Machinery and equipment	1-20 years
Office equipment	3-15 years
Furniture and fixtures	5-15 years
Computer equipment	3-5 years
Computer software	3-5 years
Vehicles	3-5 years
Vehicles under finance lease	Period of the lease
Leasehold improvement	Shorter of useful life or the remaining period of lease

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date and the cost of property, plant and equipment not put to use before such date are disclosed under capital work-in-progress which is disclosed under property, plant and equipment. The interest cost incurred for funding an asset during its construction period is capitalized based on the actual investment in the asset and the average cost of funds. The capitalized interest is included in the cost of the relevant asset and is depreciated over the estimated useful life of the asset.

j) Business combinations, goodwill and other intangible assets

The Group accounts for its business combinations by recognizing the identifiable tangible and intangible assets and liabilities assumed, and any non-controlling interest in the acquired business, measured at their acquisition date fair values. All assets and liabilities of the acquired business, including goodwill, are assigned to reporting units.

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is reviewed for impairment at least annually i.e. as at March 31 every year.

The Group performs an assessment of qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount.

Based on the assessment of events or circumstances, the Group performs the quantitative assessment of goodwill impairment if it determines that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. In the quantitative assessment, recoverability of goodwill is evaluated using a two-step process.

Under step one, the fair value of the reporting unit is compared with its carrying amount (including goodwill). If the fair value of the reporting unit is less than its carrying amount, an indication of goodwill impairment exists for the reporting unit and the entity must perform step two of the impairment test (measurement).

Under step two, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation and the residual fair value after this allocation is the implied fair value of the reporting unit goodwill. Fair value of the reporting unit is determined using a discounted cash flow analysis. If the fair value of the reporting unit exceeds its carrying amount, step two does not need to be performed.

The estimated useful lives of intangibles are as follows:

Customer contracts and relationship intangibles	3 - 10 years
Abbreviated New Drug Applications (ANDA's)	6 - 20 years
Patents, know how	5 years
Intellectual property rights	5 years

Intangible assets are amortized over their estimated useful lives using a method of amortization that reflects the pattern in which the economic benefits of the intangible assets are consumed or otherwise realized.

k) Segment reporting

The accounting policies adopted for segment reporting are in line with accounting policies of the Group. Revenues, expenses, assets and liabilities have been identified to segments on the basis of their relationship to operating activities of the segments (taking into account the nature of products and services and, risks and rewards associated with them) and internal management information systems and the same is reviewed from time to time to realign the same to conform to the business units of the Group.

l) Impairment of long lived assets

Long lived assets, such as property, plant, and equipment, and purchased intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long lived asset or asset group (reporting unit) be tested for possible impairment, the Group first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying amount. If the carrying amount of the long lived asset or asset group is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying amount exceeds its fair value.

m) Investment securities

Equity securities that do not have readily determinable fair values are carried at cost adjusted for other-than-temporary impairment.

A decline in the fair value below cost that is deemed to be other than temporary results in an impairment to reduce the carrying amount to fair value. Such impairment is charged to the condensed consolidated statements of income.

Held-to-maturity corporate bonds are recorded at amortized cost, adjusted for the amortization or accretion of premiums or discounts. Temporary unrealized holding gains and losses, net of the related tax effect on available for sale securities are excluded from income and are reported as a separate component of condensed consolidated statements of comprehensive income/ (loss), until realized.

Premiums and discounts are amortized or accreted over the life of the related held-to-maturity security as an adjustment to yield using the effective interest method. Dividend and interest income are recognized when earned.

n) Derivatives and hedge accounting

In the normal course of business, derivative financial instruments are used to manage fluctuations in foreign currency exchange rates and interest rate risk. The derivative instruments are recognized as either assets or liabilities in its condensed consolidated balance sheets and measures them at fair value.

Gains and losses resulting from changes in fair value are accounted for depending on the use of the derivative and whether it is designated and qualifies for hedge accounting.

Changes in fair values of derivatives designated as cash flow hedges are deferred and recorded as a component of condensed consolidated statements of comprehensive income/ (loss) reported under condensed consolidated statements of comprehensive income/ (loss) until the hedged transactions occur and are then recognized in the consolidated statements of income along with the underlying hedged item and disclosed as part of line item in which underlying hedge item is recorded.

Changes in the fair value of derivatives not designated as hedging instruments, the ineffective portion of derivatives designated as cash flow and interest rate hedges are recognized in the condensed consolidated statements of income.

With respect to derivatives designated as hedges, the Group contemporaneously and formally documents all relationships between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also formally assesses, both at the inception of the hedge and on a quarterly basis, on cumulative basis, whether each derivative is highly effective in offsetting changes in fair values or cash flows of the hedged item. If it is determined that a derivative or a portion thereof is not highly effective as a hedge, or if a derivative ceases to be a highly effective hedge, the Group will prospectively discontinue hedge accounting with respect to that derivative.

If hedge accounting is discontinued and the derivative is retained, the Group continues to carry the derivative at its fair value on the balance sheet and recognizes any subsequent change in its fair value in the condensed consolidated statements of income.

The gains and losses attributable to such derivative that were accumulated in consolidated statements of comprehensive income/ (loss) till discontinuance of hedge relationship is carried forward and transferred to condensed consolidated statements of income when forecasted transaction occur. If it is probable that a forecasted transaction will not occur, such accumulated (gains)/ losses are transferred to condensed consolidated statements of income immediately.

o) Income taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable

income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Deferred tax assets are reduced by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred taxes are not provided on the undistributed earnings of subsidiaries outside India where it is expected that the earnings of the foreign subsidiary will be permanently reinvested.

The Group applies a two-step approach for recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining, based on the technical merits, that the position will be more likely than not sustained upon examination. The second step is to measure the tax benefit as the largest amount of the tax benefit that is greater than 50% likely of being realized upon settlement. The Group includes interest and penalties related to unrecognized tax benefits within its provision for income tax expense.

The Group uses the flow-through method to account for investment tax credits earned on eligible scientific research and development expenditures. Under this method, the investment tax credits are recognized as a reduction to income tax expense.

The Group recognizes interest and penalties related to unrecognized tax benefits within the income tax expense line in the accompanying condensed consolidated statements of income. Accrued interest and penalties are included within the related tax liability line in the condensed consolidated balance sheet.

The Group determines its tax provision for interim periods using an estimate of its annual effective tax rate. Each quarter, the Group updates its estimate of the annual effective tax rate, and if its estimated tax rate changes, the Group makes a cumulative adjustment.

p) Retirement benefits to employees

Contributions to defined contribution plans are charged to condensed consolidated statements of income in the period in which services are rendered by the covered employees. Current service costs for defined benefit plans are accrued in the period to which they relate.

The Group makes contribution to a recognised provident fund “Vam Employees Provident Fund Trust” (a multiemployer trust) for most of its employees in India, which is a defined benefit plan to the extent that the Group has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

The Group’s obligation in this regard is determined by an independent actuary and provided for if the circumstances indicate that the Trust may not be able to generate adequate returns to cover the interest rates notified by the Government. For other employees in India, provident fund is deposited with Regional Provident Fund Commissioner. This is treated as defined contribution plan. Group’s contribution to the provident fund is charged to Condensed consolidated statements of income.

The liability in respect of defined benefit plans is calculated annually by the Group using the projected unit credit method. Prior service cost, if any, resulting from an amendment to a plan is recognized and amortized over the remaining period of service of the covered employees.

The Group recognizes its liabilities for compensated absences dependent on whether the obligation is attributable to employee services already rendered, relates to rights that vest or accumulate and payment is probable and estimable.

The Group records annual amounts relating to its defined benefit plans based on calculations that incorporate various actuarial and other assumptions, including discount rates, mortality, assumed rates of return, compensation increases, turnover rates and healthcare cost trend rates. The Group reviews its assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends when it is appropriate to do so.

The effect of modifications to those assumptions is recorded immediately as a component of net periodic pension cost. The Group believes that the assumptions utilized in recording its obligations under its plans are reasonable based on its experience and market conditions.

q) Fair value measurement

The Group measures fair value for various financial and non-financial assets, to the extent required by respective guidance either for recording or disclosure purposes. Except those items which are excluded from scope of ASU 2011 - 04, such fair value is determined based on the price 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.

The accounting standard establishes a fair value hierarchy that categorise observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

- Level 2: Observable inputs that are based on inputs not quoted on active markets, but corroborated by market data.

- Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Group utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and considers credit risk in its assessment of fair value.

r) Stock based compensation

The Group recognizes and measures compensation expense for all stock-based awards based on their grant date fair value for stock awards (net of estimated forfeiture) and recognizes the expense over vesting period using graded vesting method. For the option awards, grant date fair value is determined under the option-pricing model (Black-Scholes-Merton). Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures materially differ from those estimates.

s) Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigations, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment and/ or remediation can be reasonably estimated. Legal costs incurred in connection with the same are expensed as incurred.

t) Recent Accounting Pronouncements

Recently issued accounting pronouncements

- In May 2014, the FASB issued amended accounting guidance on revenue recognition that will be applied to all contracts with customers. The objective of the new guidance is to improve comparability of revenue recognition practices across entities and to provide more useful information to users of financial statements through improved disclosure requirements. In August 2015, the FASB approved a one-year deferral of the effective date making this guidance effective for interim and annual periods beginning in 2018. Reporting entities may choose to adopt the standard as of the original effective date. The Group is currently assessing the impact of adoption on its condensed consolidated financial statements.

- In January 2016, the FASB issued ASU No. 2016-01, "Financial Instruments—Overall: Recognition and Measurement of Financial Assets and Financial Liabilities," which primarily affects accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, the ASU clarifies guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. The ASU will be effective for us beginning January 1, 2018, including interim periods in our fiscal year 2018. Early adoption is permitted. The Group is in the process of determining the method of adoption and assessing the impact of this ASU on our consolidated results of operations, cash flows, financial position and disclosures.

- In February 2016, the FASB issued ASU No. 2016-02, "Leases." The core principle of the ASU is that a lessee should recognize the assets and liabilities that arise from its leases other than those that meet the definition of a short-term lease. The ASU requires extensive qualitative and quantitative disclosures, including with respect to significant judgments made by management. The ASU will be effective for us beginning January 1, 2019, including interim periods in our fiscal year 2019. Early adoption is permitted. The Group is in the process of determining the method of adoption and assessing the impact of this ASU on our consolidated results of operations, cash flows, financial position and disclosures.

- The FASB issued ASU 2016-13 "Financial Instruments-credit losses": Its significantly changes how companies measure and recognize credit impairment for many financial assets. The new current expected credit loss model will require companies to immediately recognize an estimate of credit losses expected to occur over the remaining life of the financial assets that are in the scope of the standard. The ASU also makes targeted amendments to the current impairment model for available-for-sale debt securities. The ASU will be effective for us beginning January 1, 2021, including interim periods in our fiscal year 2021. Early adoption is permitted. The Group is in the process of determining the method of adoption and assessing the impact of this ASU on our consolidated results of operations, cash flows, financial position and disclosures.

3. Financial instruments and concentration of credit risk

Financial instruments that potentially subject the Group to concentration of credit risk are reflected principally in cash and cash equivalents including restricted cash, trade accounts receivable including unbilled revenue, prepaid and other current assets including investment securities, and derivative financial instruments.

The Group operates in certain highly regulated markets such as North America and Europe. The Group places its cash and cash equivalents and derivative financial instruments with corporations and banks with high investment grade ratings, limits the amount of credit exposure with any one corporation or bank and conducts ongoing evaluation of the credit worthiness of the corporations and banks with which it does business.

The customers of the Group are spread across North America, Europe, Asia and rest of world regions though majority of customers are based out of North America, and accordingly, trade accounts receivables are concentrated in these geographies. To reduce credit risk, the Group performs ongoing credit evaluation of customers. For the period ended June 30, 2015 and June 30, 2016, one customer, having 11% share in consolidated revenue for each of the period. As of March 31, 2016 and June 30, 2016, one customer is having 19% share in total trade receivables in March 31, 2016 and two customers is having 14% and 11% share in total trade receivables in June 30, 2016. For the period ended June 30, 2015 and June 30, 2016, one product individually accounted for approximately 15% share of net revenue for each of the period.

For investment securities, the management monitors ongoing performance of the investee company and performs periodic valuation to assess recoverability of its investments.

By their nature, all financial instruments stated above involve risk including the credit risk of non-performance by counter parties. In management's opinion, as of June 30, 2015 and as of June 30, 2016, other than those already accounted for, there was no significant risk of loss in the event of non-performance of the counter parties to these financial instruments.

4. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	As of March 31, 2016	As of June 30, 2016
Balance with banks*	29,027,527	21,213,747
Cash in hand	10,932	10,574
Funds in transit	324,602	177,528
	29,363,061	**21,401,849**

* Including balances in money market accounts.

5. Restricted cash

	As of March 31, 2016	As of June 30, 2016
Restricted cash - current portion (a)	69,821	55,011
Restricted cash - non-current portion (a)	2,252	2,210
	72,073	**57,221**

(a) Restricted cash represents margin money with banks.

6. Trade accounts receivable balance amounting to 96,353,664 and 90,229,290 as of March 31, 2016 and June 30, 2016 is presented net of allowance for doubtful receivables. The following table provides details of reserve for doubtful receivables as recorded by the Group:

	Year ended March 31, 2016	Three months ended June 30, 2016
Balance at the beginning of the year/period	2,667,870	2,183,205
Additional allowance	216,630	13,890
Recoveries of bad debts	61,695	-
Bad debts charged to allowance	(782,357)	-
Translation adjustment	19,367	(13,417)
Balance at the end of the year/period	**2,183,205**	**2,183,678**

7. Inventories

Inventories, net of reserves consist of the following:

	As of March 31, 2016	As of June 30, 2016
Raw materials	36,376,774	36,167,724
Work-in-process	26,315,376	25,730,538
Finished goods	29,143,789	30,662,962
Stores and spares	12,120,485	13,192,852
	103,956,424	**105,754,076**

8. Prepaid expenses and other current assets

Prepaid expenses and other current assets consist of the following:

	As of March 31, 2016	As of June 30, 2016
Prepaid expenses	3,380,880	2,565,061
Recoverable from government authorities	10,208,074	8,730,626
Advance taxes	17,359,692	1,626,172
Recoverable towards sale of investment	2,765,009	-
Notes receivable	2,990,231	2,821,485
Others	1,916,975	1,908,468
	38,620,861	**17,651,812**

9. Property, plant and equipment, net

Property, plant and equipment, net consist of the following:

	As of March 31, 2016	As of June 30, 2016
Property Plant and equipment, gross	416,095,297	417,109,693
Less: Accumulated depreciation and amortization	(155,369,594)	(160,254,246)
	260,725,703	**256,855,447**

10. Goodwill and intangible assets, net

Goodwill

The following table represents the changes in the carrying amount of goodwill for the year ended March 31, 2016 and period ended June 30, 2016:

	As of March 31, 2016	As of June 30, 2016
Balance at the beginning of the period		
Goodwill	187,942,930	187,472,779
Accumulated impairment losses	(31,492,820)	(31,492,820)
	156,450,110	**155,979,959**
Translation adjustment	(470,151)	(162,126)
Balance at the end of the period		
Goodwill	187,472,779	187,310,653
Accumulated impairment losses	(31,492,820)	(31,492,820)
	155,979,959	**155,817,833**

Intangible assets, net

Information regarding the Group's intangible assets acquired either individually, with a group of other assets or in a business combination is as follows:

	As of March 31, 2016	As of June 30, 2016
Gross carrying value		
-Customer contracts and relationship intangibles	14,354,056	14,666,053
-Abbreviated New Drug Applications (ANDA's)	30,210,784	30,233,123
-Patents, know how	3,235,463	3,216,200
-Intellectual property rights	1,452,299	1,443,744
	49,252,602	**49,559,120**
Accumulated amortization		
-Customer contracts and relationship intangibles	14,354,056	14,666,053
-Abbreviated New Drug Applications (ANDA's)	26,101,974	26,414,403
-Patents, know how	3,235,463	3,216,200
-Intellectual property rights	1,452,299	1,443,744
	45,143,792	**45,740,400**
Net carrying value	**4,108,810**	**3,818,720**

11. Investment securities

Detail of investments securities are as follows:

	As of March 31, 2016	As of June 30, 2016
Investment in common stock	2,173,500	2,173,797
	2,173,500	**2,173,797**

The above investments have been classified as equity securities that do not have readily determinable fair values and are carried at cost adjusted for other-than-temporary impairment.

Further, the Group has investment in corporate bonds amounting to 268,487 as of March 31, 2016 and June 30, 2016, which has been classified as held to maturity investment. This investment in corporate bonds was fully impaired in earlier years.

12. Depreciation and amortization

The Group's underlying accounting records do not contain an allocation of depreciation and amortization between cost of goods sold, selling, general and administration expenses and research and development expenses. As such, the charge for depreciation and amortization has been presented as a separate line item in the condensed consolidated statement of income.

13. Accrued expenses and other current liabilities

Accrued expenses and other current liabilities consist of the following:

	As of March 31, 2016	As of June 30, 2016
Accrued employee cost	11,036,893	11,800,675
Accrued expenses	6,211,425	6,008,932
Income taxes payable	19,076,175	3,685,053
Advance from customers	3,139,905	1,860,517
Other liabilities	6,333,654	5,045,054
	45,798,052	**28,400,231**

14. Long term debt

Long term debt consists of the following:

Nature of debt	As of March 31, 2016	As of June 30, 2016
Revolving credit loan	38,315,560	27,852,002
Finance lease obligation	121,070	123,362
Term loan	167,656,746	163,396,413
Term loan – A	85,406,418	85,542,137
Term loan – C	60,000,000	60,000,000
Total	351,499,794	336,913,914
Less: current portion	(24,815,076)	(37,207,565)
	326,684,718	**299,706,349**

15. Short term borrowings

Short term borrowings consist of the following:

Nature of borrowing	As of March 31, 2016	As of June 30, 2016
Revolving credit facility	8,000,000	1,000,000
Working capital loan	37,701,814	27,281,669
	45,701,814	**28,281,669**

16. Employee benefit plans

Defined benefit plans

The Group has a defined benefit retirement plan (the "Gratuity Plan"). The gratuity plan covers all the employees based in India which consists of only Carved in Divisions. The Gratuity Plan provides a lump sum payment to vested employees upon retirement or termination of employment based on each employee's salary and duration of employment with the Group. The Gratuity Plan benefit cost for the year is calculated on an actuarial basis in accordance with projected unit credit method.

The gratuity liability for employees covered under this plan is funded with Life Insurance Corporation of India. Life Insurance Corporation of India's overall investment strategy is to invest predominantly in fixed income funds managed by asset management companies and the valuation is performed using net asset value of these funds, the details of Investment maintained by Life Insurance Corporation are not available with the group, hence not disclosed. For non-Indian entities of the Group, the Group does not have any defined benefit plan but has a defined contribution plan as detailed above.

Net defined benefit plan costs for the period ended June 30, 2015 and June 30, 2016 include the following components:

	Three months ended June 30, 2015	Three months ended June 30, 2016
Service costs	93,698	59,121
Interest costs	34,603	25,432
Expected return on plan assets	(8,281)	(4,945)
Net actuarial loss	113,218	20,900
Net Gratuity Plan costs	**233,238**	**100,508**

The above stated net defined benefit plan costs for the period ended June 30, 2015 and June 30, 2016 has been included in property, plant and equipment, cost of goods sold and selling, general and administration expenses.

17. Derivative financial instruments

Interest rate risk management

Objectives and context

The Group generally uses variable rate debt to finance its operations. These debt obligations expose the Group to variability in interest payments due to changes in the spread, which is the primary underlying exposure of the aforementioned debt. If interest rates increase, interest expense increases. Conversely, if interest rates decrease, interest expense also decreases. The Group enters into derivative contracts to manage fluctuation in interest rates.

Strategies

To meet this objective, the Group enters into various types of derivative instruments to manage fluctuations in cash flows resulting from interest rate risk attributable to changes in the benchmark interest rate of borrowings. These instruments include benchmark interest rate based interest rate swaps. Under the interest rate swaps, the Group receives benchmark interest rate based variable interest rate payments and makes fixed interest rate payments, thereby creating fixed-rate long-term debt. The purchased interest rate agreements protect the Group from variation in interest rate spread.

Risk management policies

The Group assesses interest rate cash flow risk by continually identifying and monitoring changes in interest rate exposures that may adversely impact expected future cash flows and by evaluating hedging opportunities. The Group maintains risk management control systems to monitor interest rate cash flow risk attributable to both the Group's outstanding or forecasted debt obligations as well as the Group's offsetting hedge positions. The risk management control systems involve the use of analytical techniques, including cash flow sensitivity analysis, to estimate the expected impact of changes in interest rates on the Group's future cash flows.

Foreign currency risk management

Objectives and context

The Group operates internationally; therefore, its earnings, cash flows, and financial position are exposed to foreign currency risk from foreign-currency-denominated receivables, payables, borrowings and forecasted sales transactions. Thus, a foreign currency risk is a primary underlying exposure from these assets, liabilities and transactions. The Group enters into derivative contracts to manage such risks.

Strategies

The Group periodically assesses amount and timing of its foreign currency inflows and outflows and enters into derivative contracts for a portion of its exposure, to hedge the price risk associated with fluctuations in market prices. The derivative contracts limit the unfavorable effect that price fluctuations will have on foreign currency cash flows.

Risk management policies

The Group believes it is prudent to minimize the variability caused by foreign currency risk. Management attempts to minimize foreign currency risk by pricing contracts in U.S. Dollars and by using derivative hedging instruments when necessary on the basis of their continuous monitoring of foreign currency risk.

The gain recognized in condensed consolidated statements of income, and their effect on financial performance is summarized below:

Derivatives not designated as hedging instruments	Location of (gain)/ loss recognized in condensed consolidated statements of operations	Amount of (gain)/ loss recognized in condensed consolidated statements of operations
Three months ended June 30, 2015		
Interest rate swaps	Other (income)/expenses, net	(109,997)
Foreign exchange forward contracts	Other operating income, net	(40,134)
Three months ended June 30, 2016		
Interest rate swaps	-	-
Foreign exchange forward contracts	-	-

18. Common stock

The Company has one class of common stock.

The holders of common stock of the Company are entitled to one vote per common stock. Upon the liquidation, dissolution or winding up of respective entities, shareholders are entitled to receive a ratable share of the available net assets of the respective entity after payment of all debts and other liabilities. These common stock have no preemptive, subscription, redemption or conversion rights.

19. Other operating income, net

Other operating income, net consists of the following:

	Three months ended June 30, 2015	Three months ended June 30, 2016
Scrap sales	132,322	166,217
Foreign exchange gain/ (loss), net	(507,118)	40,773
Export incentives	747,074	1,073,147
Others	1,375,070	118,812
	1,747,348	**1,398,949**

20. Other (income)/ expenses, net

Other (income)/ expenses, net comprises of the following:

	Three months ended June 30, 2015	Three months ended June 30, 2016
Interest income	(53,374)	(140,321)
Finance cost *	4,070,634	5,432,940
Loss/ (profit) on sale of property, plant and equipment, net	14,513	(7,177)
Foreign exchange loss, net	1,291,020	227,292
Expense on stock settled debt instrument	1,500,000	1,275,000
Others	60,126	(18,230)
	6,882,919	**6,769,504**

* net of interest capitalised

21. Income taxes

The Income tax expense from continuing operations consists of the following:

	Three months ended June 30, 2015	Three months ended June 30, 2016
Current taxes	3,571,649	3,339,277
Deferred taxes	(1,138,933)	491,689
Income tax expense	**2,432,716**	**3,830,966**

The items accounting for the difference between income taxes computed at the federal and state statutory rates and the income tax expense are as follows:

	Three months ended June 30, 2015	Three months ended June 30, 2016
Income before income tax expense	17,621,826	19,912,868
Statutory tax rates	17.00%	17.00%
Computed expected income tax expense	2,995,710	3,385,187
Research and development and other tax credits	(3,009,605)	(2,538,082)
Valuation allowance created during the period	(38,823)	(44,643)
Effect of change in tax rates	2,218,659	2,332,419
Adjustment on account of change in exchange rates	20,138	1,428
State tax	45,251	143,925
Others	201,386	550,732
Total taxes	**2,432,716**	**3,830,966**

22. Related party transactions

The Group has entered into related party transactions with the following related parties:

Jubilant Life Sciences Limited ('holding company of Jubilant Pharma Limited')
Jubilant Clinsys Limited ('affiliate')
Jubilant Innovation (USA) Inc. ('affiliate')
Jubilant Chemsys Limited ('affiliate')
Jubilant Life Sciences (USA) Inc. ('affiliate')
Jubilant Biosys Limited ('affiliate')
Jubilant Discovery Services Inc. ('affiliate')
Jubilant Drug Discovery & Development Services Inc. ('affiliate')
Jubilant Life Sciences NV ('affiliate')
Jubilant Life Sciences International Pte Limited ('affiliate')
Jubilant Agri and Consumer Products Limited ('affiliate')
Vam Employees Provident Fund Trust ('affiliate')
Jubilant Oil & Gas Private Limited ('affiliate')

The related party transactions can be categorized as follows:

	Three months ended June 30, 2015	Three months ended June 30, 2016
Services rendered by :		
- Jubilant Clinsys Limited	42,755	-
- Jubilant Biosys Limited	-	2,242
- Jubilant Life Sciences Limited	-	97,758
- Jubilant Life Sciences (USA) Inc.	65,100	56,361
- Jubilant Chemsys Limited	1,251	6,830
Purchase of goods/raw material from :		
- Jubilant Life Sciences Limited	231,297	1,997,710
- Jubilant Life Sciences International Pte Limited	4,810,288	729,199
Expenses incurred by :		
- Jubilant Life Sciences Limited	1,590,549	1,543,336
- Jubilant Life Sciences (USA) Inc.	4,800	-
- Jubilant Life Sciences NV	35,441	48,441
Expenses incurred for :		
- Jubilant Life Sciences Limited	46,504	915,867
- Jubilant Life Sciences (USA) Inc.	22,291	47,806
- Jubilant Discovery Services Inc.	92,620	14,585
- Jubilant Drug Discovery & Development Services Inc.	2,399	-

	Three months ended June 30, 2015	Three months ended June 30, 2016
- Jubilant Chemsys Limited	-	51,058
- Jubilant Agri and Consumer Products Limited	16,045	15,430
Sale of goods to :		
- Jubilant Life Sciences Limited	462,506	38,379
- Jubilant Chemsys Limited	58	-
Borrowings taken :		
- Jubilant Innovation (USA) Inc.	-	3,000,000
Borrowings repaid :		
- Jubilant Life Sciences Limited	6,000,000	-
Interest on borrowings/ payable for business purchase :		
- Jubilant Life Sciences Limited^	(1,118,792)	-
- Jubilant Innovation (USA) Inc.	-	9,333
Contribution to provident fund trust :		
-Vam Employees Provident Fund Trust	149,917	161,558
Rent expenses :		
- Jubilant Life Sciences Limited*	203,292	206,379
Purchase of property, plant and equipment from :		
- Jubilant Oil & Gas Private Limited	2,103	-

^ Net of 3,128,144, interest liability reversed.

* represents rent for office space taken under operating lease from Jubilant Life Sciences Limited.

The management is of the opinion that its related party transactions are at arm's length and will not have any impact on the condensed consolidated financial statements, particularly on the amount of tax expense and that of provision for taxation.

All the related party transactions are settled in the normal course of business and as per contractual obligations, if any.

The balances receivable from and payable to related parties are summarized as follows:

Due from related parties

Trade and other receivables from related party

	As of March 31, 2016	As of June 30, 2016
Jubilant Discovery Services Inc.	316,445	331,029
Jubilant Biosys Limited	167,442	158,155
Jubilant Chemsys Limited	109,743	49,699
Jubilant Drug Discovery and Development Services Inc.	40	40
	593,670	**538,923**

Due to related parties

Short term debt (including interest) payable

	As of March 31, 2016	As of June 30, 2016
Jubilant Innovation (USA) Inc.	**-**	3,009,333
	-	**3,009,333**

Trade and other payables to related party

	As of March 31, 2016	As of June 30, 2016
Jubilant Clinsys Limited	1,643,447	1,638,118
Jubilant Life Sciences Limited	9,026,651	8,304,821
Jubilant Life Sciences (USA) Inc.	514,885	302,986
Jubilant Life Sciences NV	601,923	213,766
Vam Employees Provident Fund Trust	139,184	146,418
Jubilant Life Sciences International Pte Limited	2,590,875	1,037,942
	14,516,965	**11,644,051**

Payable for business purchase – (including interest)

	As of March 31, 2016	As of June 30, 2016
Jubilant Life Sciences Limited	5,608,007	5,502,525
	5,608,007	**5,502,525**

23. Segments

Jubilant Pharma has, on the basis on an assessment of the level of operating results as regularly reviewed by its chief operating decision maker ('CODM') in order to make decisions about resources to be allocated to the segment and assess its performance, identified pharmaceuticals as the only reportable segment. This reportable segment focuses on generic and specialty pharmaceutical products.

The Components of 'Other activities' represents trading in non-pharmaceutical products through its subsidiary in China. The operations in China is not considered to be a reportable segment as it did not meet the quantitative thresholds criteria as at and for the year ended March 31, 2016 and three month ended June 30, 2016 and the operating performance thereof is not considered significant from the Company perspective as the business in China is proposed to be transferred to Jubilant India.

Enterprise-wide disclosure about product sales, revenue and long lived assets by geographical area and revenue from major customers for the reportable segment being pharmaceutical are presented below:

a. Segment information:

	Pharmaceuticals		Others		Total	
	Three months ended		Three months ended		Three months ended	
	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016
i. Revenues, net	109,591,503	111,331,527	7,740,298	4,191,702	117,331,801	115,523,229
ii. Research and development expenses	6,132,915	6,284,651	-	-	6,132,915	6,284,651
iii. Net income	14,979,613	15,949,023	209,497	132,879	15,189,110	16,081,902
Income tax expense	2,432,716	3,830,966	-	-	2,432,716	3,830,966
Profit before tax	17,412,329	19,779,989	209,497	132,879	17,621,826	19,912,868
Interest income	(50,859)	(138,020)	(2,515)	(2,301)	(53,374)	(140,321)
Finance cost *	5,529,678	6,700,744	40,956	7,196	5,570,634	6,707,940
Depreciation and amortization	6,225,197	5,909,168	1,654	1,161	6,226,851	5,910,329
iv. Earnings before interest, depreciation and tax	29,116,345	32,251,881	249,592	138,935	29,365,937	32,390,816

* Including expense on stock settled debt instrument.

b. Goodwill by geographical location:

	Pharmaceuticals		Others	
	As of		As of	
	March 31, 2016	June 30, 2016	March 31, 2016	June 30, 2016
North America	145,563,338	145,620,861	-	-
Europe	10,416,621	10,196,972	-	-
Total	**155,979,959**	**155,817,833**	**-**	**-**

c. Segment revenues by geographic area:

	Pharmaceuticals		Others		Total	
	Three months ended		Three months ended		Three months ended	
	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016
North America	83,597,067	76,868,599	-	-	83,597,067	76,868,599
Europe	9,743,354	13,764,279	-	-	9,743,354	13,764,279
Asia	6,753,639	8,149,593	7,740,298	4,191,702	14,493,937	12,341,295
Rest of the world	9,497,443	12,549,056	-	-	9,497,443	12,549,056
Total	**109,591,503**	**111,331,527**	**7,740,298**	**4,191,702**	**117,331,801**	**115,523,229**

d. Segment revenues by business:

	Three months ended	
	June 30, 2015	June 30, 2016
Generics	52,530,168	50,177,991
Speciality Pharma	57,061,335	61,153,536
Others	7,740,298	4,191,702
Total Revenue	**117,331,801**	**115,523,229**

24. Commitments and contingencies

Capital Commitments

As of March 31, 2016 and June 30, 2016, the Group had committed to spend 8,525,703 and 10,505,896, respectively under agreements to purchase property, plant and equipment and computers, respectively. This amount is net of capital advances paid in respect of these purchases.

Other commitments

Exports obligation undertaken by the Group under EPCG scheme to be completed over a period of six years on account of import of capital goods with no import duty and remaining outstanding is 1,286,800 and 1,286,800 as of March 31, 2016 and June 30, 2016, respectively. Export obligation under Advance License Scheme on duty free import of specific raw materials, remaining outstanding is 15,421,361 and 15,585,442 as of March 31, 2016 and June 30, 2016.

Contingencies

The Group, as a result of its nature of business, is subject to penalties by customers on account of various reasons like recall, service levels etc. The Group may become subject to various products liability, consumer, commercial, environmental and tax litigations and claims, government investigations and other legal proceedings that may arise in future.

The Group accrues for contingencies to the extent that the management concludes their occurrence is probable and the related liabilities are estimable.

The aggregate amount of claims not acknowledged as debt as of March 31, 2016 and June 30, 2016 was 4,761,108 and 4,699,345, respectively. Outstanding guarantees furnished by banks on behalf of the Group as of March 31, 2016 and June 30, 2016 were 20,514 and 15,569, respectively.

A customer has filed a claim against a subsidiary of the Group located in Belgium for alleging contravention of certain provisions of Licencing and Supply agreement between the parties and claiming damages amounting to 2,370,933 and 2,320,930 (excluding interest) as of March 31, 2016 and June 30, 2016, respectively . The Group has also filed a counter claim against this customer for damages amounting to 2,708,073 and 2,650,961 of March 31, 2016 and June 30, 2016, respectively in the same dispute. The case is under arbitration.

Further, during the year ended March 31, 2014, the Group had received warning letters from U.S. Food and Drug Administration (“U.S. FDA”) for its pharmaceutical sterile manufacturing facility located in Spokane, Washington, (USA). The letters were related to process implementation/improvements plans noticed by U.S. FDA. During the year ended March 31, 2016, the Group was informed by the U.S. FDA that the above facility has been upgraded to the status of Voluntary Action Indicated (VAI). The Spokane site’s latest Establishment Inspection Report (EIR) indicates the inspections have been successfully concluded.

25. Fair value measurement

The following table presents the carrying amounts and estimated fair values of the Group's financial instruments as of March 31, 2016 and as of June 30, 2016. Fair value is defined as 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. Some of the Group's financial instruments, such as cash and cash equivalents, receivables and payables, are reflected in the balance sheet at carrying value, which approximates fair value due to their short-term nature. The fair value of long-term debt was based upon a discounted cash flow analysis that used the aggregate cash flows from principal and interest payments over the life of the debt and current market interest rates.

	As of March 31, 2016		As of June 30, 2016	
	Carrying Amount	**Fair value**	**Carrying Amount**	**Fair value**
Financial assets				
Cash and cash equivalents	29,363,061	29,363,061	21,401,849	21,401,849
Trade accounts receivable, net	96,353,664	96,353,664	90,229,290	90,229,290
Restricted cash - current portion	69,821	69,821	55,011	55,011
Due from related parties	593,670	593,670	538,923	538,923
Investment securities *	2,173,500	2,173,500	2,173,797	2,173,797
Restricted cash - non - current portion	2,252	2,252	2,210	2,210
Other current assets	6,433,213	6,433,213	3,417,003	3,417,003
Financial liabilities				
Short term borrowings	45,701,814	45,701,814	28,281,669	28,281,669
Current portion of long term debt	24,815,076	24,815,076	37,207,565	37,207,565
Trade accounts payable	31,419,532	31,419,532	27,774,589	27,774,589
Due to related parties	20,124,972	20,124,972	20,155,909	20,155,909
Other financial liabilities - current portion	21,899,445	21,899,445	21,244,020	21,244,020
Long term debt, excluding current portion	326,684,718	324,777,109	299,706,349	299,101,901
Other financial liabilities - non - current portion	14,955,739	14,955,739	16,600,062	16,600,062

* Investment securities are carried at cost as fair values are not readily determinable.

The following details our financial instruments where the carrying value and the fair value differ:

Year/period	Financial Instrument	Carrying Value	Markets for Identical item (Level1)	Significant Other Observable Inputs (Level2)	Significant Unobservable Inputs (Level3)
Year ended March 31, 2016	Long term debt, excluding current portion	326,684,718	-	324,777,109	
Period ended June 30, 2016	Long term debt, excluding current portion	299,706,349	-	299,101,901	

26. Subsequent events

The Group evaluated all events and transactions that occurred after June 30, 2016 up through September 13, 2016. Based on the evaluation, the Group is not aware of any events or transactions that would require recognition or disclosure in the condensed consolidated financial statements.

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Independent Auditors' Report

The Board of Directors and Shareholders
Jubilant Pharma Limited

We have audited the accompanying consolidated financial statements of Jubilant Pharma Limited ("the Company") and its subsidiaries and partnerships (collectively referred to as 'the Group'), which comprise consolidated balance sheets as of March 31, 2014, 2015 and 2016, and the related consolidated statements of income, changes in stockholders' equity, comprehensive income / (loss), and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Group as of March 31, 2014, 2015 and 2016, and the results of their consolidated operations and their consolidated cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

KPMG

Gurgaon, India
September 13, 2016

KPMG, an Indian partnership firm, and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

JUBILANT PHARMA LIMITED

Consolidated Balance Sheets

March 31, 2014, March 31, 2015, and March 31, 2016

(All amounts in United States dollars, unless otherwise stated)

	Notes	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016
Current assets				
Cash and cash equivalents	5	30,264,128	28,334,921	29,363,061
Trade accounts receivable, net	7	84,409,155	84,969,483	96,353,664
Inventories	8	115,810,557	106,428,992	103,956,424
Restricted cash	6	36,099	299,846	69,821
Due from related parties	26	2,806,919	270,774	593,670
Prepaid expenses and other current assets	9	23,437,969	18,594,496	38,620,861
Total current assets		**256,764,827**	**238,898,512**	**268,957,501**
Property, plant and equipment, net	10	269,376,579	266,255,537	260,725,703
Goodwill	11	170,923,788	156,450,110	155,979,959
Intangible assets, net	11	10,993,564	6,623,924	4,108,810
Investment securities	12	2,871,770	2,871,770	2,173,500
Restricted cash	6	299,705	18,960	2,252
Deferred income taxes	25	8,850,562	33,648,561	28,597,136
Other assets		690,887	3,474,353	1,363,760
Total assets		**720,771,682**	**708,241,727**	**721,908,621**
Liabilities and stockholders' equity				
Current liabilities				
Short term borrowings	16	16,308,355	29,518,353	45,701,814
Current portion of long term debt	15	33,267,579	23,127,021	24,815,076
Trade accounts payable		27,087,702	29,475,491	31,419,532
Due to related parties	26	51,103,725	104,272,529	20,124,972
Deferred revenue		9,702,287	3,877,707	2,700,373
Accrued expenses and other current liabilities	14	23,962,636	26,275,268	45,798,052
Total current liabilities		**161,432,284**	**216,546,369**	**170,559,819**
Long term debt, excluding current portion	15	76,892,757	324,713,880	326,684,718
Deferred income taxes	25	2,665,253	708,402	6,320,763
Other liabilities		8,320,150	9,685,903	14,955,739
Total liabilities		**249,310,444**	**551,654,554**	**518,521,039**
Stockholders' equity				
Common stock	21	326,758,994	326,758,994	326,758,994
Additional paid in capital		208,537,390	(67,987,646)	(67,958,028)
Retained earnings		(78,139,631)	(72,112,214)	(23,399,745)
Accumulated other comprehensive income/ (loss)		(8,911,264)	(30,071,961)	(32,013,639)
Jubilant Pharma Limited stockholders' equity		**448,245,489**	**156,587,173**	**203,387,582**
Non controlling interest	22	23,215,749	-	-
Total stockholders' equity		**471,461,238**	**156,587,173**	**203,387,582**
Commitments and contingencies	27	-	-	-
Total liabilities and stockholders' equity		**720,771,682**	**708,241,727**	**721,908,621**

See accompanying notes to the consolidated financial statements

JUBILANT PHARMA LIMITED

Consolidated Statements of Income

Years ended March 31, 2014, March 31, 2015, and March 31, 2016

(All amounts in United States dollars, unless otherwise stated)

	Notes	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016
Revenues, net		525,217,896	462,426,866	454,680,928
Cost of goods sold	13	358,232,270	306,658,440	254,258,923
Selling, general and administration expenses	13	66,556,439	76,113,840	65,142,380
Research and development expenses	13	26,765,343	24,820,058	25,621,148
Other operating income, net	23	1,502,593	4,781,998	8,674,253
Depreciation and amortization	10,11,13	25,558,112	26,067,074	24,134,227
Impairment of goodwill	11	617,648	-	-
Income from operations		**48,990,677**	**33,549,452**	**94,198,503**
Other (income)/expenses, net	24	16,876,727	30,132,920	27,952,448
Income before income taxes		**32,113,950**	**3,416,532**	**66,246,055**
Income tax expense/ (benefit)	25	7,832,651	(5,601,772)	17,533,586
Net income		**24,281,299**	**9,018,304**	**48,712,469**
Net income attributable to non controlling interest		5,272,590	2,990,887	-
Net income attributable to Jubilant Pharma Limited		**19,008,709**	**6,027,417**	**48,712,469**

See accompanying notes to the consolidated financial statements

JUBILANT PHARMA LIMITED

Consolidated Statements of Comprehensive Income/ (Loss)

Years ended March 31, 2014, March 31, 2015, and March 31, 2016

(All amounts in United States dollars, unless otherwise stated)

	Year ended March 31, 2014		Year ended March 31, 2015		Year ended March 31, 2016	
	Jubilant Pharma Limited	**Non controlling interest**	**Jubilant Pharma Limited**	**Non controlling interest**	**Jubilant Pharma Limited**	**Non controlling interest**
Net income/ (loss)	19,008,709	5,272,590	6,027,417	2,990,887	48,712,469	-
Other comprehensive loss:						
Currency translation adjustments	(10,672,879)	-	(21,160,697)	-	(1,941,678)	-
Effective portion of cash flow hedges	(3,797,567)	-	-	-	-	-
Other comprehensive loss	(14,470,446)	-	(21,160,697)	-	(1,941,678)	-
Comprehensive income /(loss)	**4,538,263**	**5,272,590**	**(15,133,280)**	**2,990,887**	**46,770,791**	**-**

See accompanying notes to the consolidated financial statements

JUBILANT PHARMA LIMITED

Consolidated Statements of Changes in Stockholders' Equity

Years ended March 31, 2014, March 31, 2015, March 31, 2016

(All amounts in United States dollars, unless otherwise stated)

	Common stock		Additional paid in capital	Retained earnings	Accumulated other comprehensive income/ (loss)	Non controlling interest	Total stockholders' equity
	No. of shares	Amount					
Balance as of March 31, 2013	**322,558,994**	**322,558,994**	**209,537,094**	**(97,148,340)**	**5,559,182**	**17,943,159**	**458,450,089**
Issue of common stock	4,200,000	4,200,000	-	-	-	-	4,200,000
Distribution during the year	-	-	(1,173,294)	-	-	-	(1,173,294)
Stock-based compensation expense	-	-	173,590	-	-	-	173,590
Comprehensive income /(loss):							
Net income	-	-	-	19,008,709	-	5,272,590	24,281,299
Other comprehensive income/(loss)	-	-	-	-	(14,470,446)	-	(14,470,446)
Balance as of March 31, 2014	**326,758,994**	**326,758,994**	**208,537,390**	**(78,139,631)**	**(8,911,264)**	**23,215,749**	**471,461,238**
Stock-based compensation expense	-	-	84,752	-	-	-	84,752
Comprehensive income /(loss):							
Net income	-	-	-	6,027,417	-	2,990,887	9,018,304
Other comprehensive income /(loss):	-	-	-	-	(21,160,697)	-	(21,160,697)
Options to erstwhile non controlling shareholders^^	-	-	(47,600)	-	-	-	(47,600)
Settlement of transactions @	-	-	(269,563,054)	-	-	-	(269,563,054)
Purchase of non controlling interest ^	-	-	(6,999,134)	-	-	(26,206,636)	(33,205,770)
Balance as of March 31, 2015	**326,758,994**	**326,758,994**	**(67,987,646)**	**(72,112,214)**	**(30,071,961)**	**-**	**156,587,173**
Stock-based compensation expense	-	-	29,618	-	-	-	29,618
Comprehensive income /(loss):							
Net income	-	-	-	48,712,469	-	-	48,712,469
Other comprehensive income /(loss):	-	-	-	-	(1,941,678)	-	(1,941,678)
Balance as of March 31, 2016	**326,758,994**	**326,758,994**	**(67,958,028)**	**(23,399,745)**	**(32,013,639)**	**-**	**203,387,582**

^^ refer note 20

@refer note 4

^ refer note 22

See accompanying notes to the consolidated financial statements

JUBILANT PHARMA LIMITED

Consolidated Statements of Cash Flows

Years ended March 31, 2014, March 31, 2015 and March 31, 2016

(All amount in United States dollars, unless otherwise stated)

	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016
Operating activities			
Net income attributable to Jubilant Pharma Limited	19,008,709	6,027,417	48,712,469
Net income attributable to non controlling interest	5,272,590	2,990,887	-
Net income	**24,281,299**	**9,018,304**	**48,712,469**
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	25,558,112	26,067,074	24,134,227
Impairment of goodwill	617,648	-	-
Unrealised foreign exchange loss/ (gain)/, net	1,574,851	(1,592,617)	1,031,881
Deferred income tax benefit	(3,052,772)	(9,177,678)	(3,841,182)
Expense on stock settled debt instrument	-	5,600,000	5,100,000
Allowance for doubtful receivables	444,461	1,653,571	216,630
Stock based compensation expense	173,590	84,752	29,618
Others, net	174,420	2,628,402	1,082,871
Changes in assets and liabilities, net			
Decrease/ (increase) in trade accounts receivable	2,747,315	(5,201,211)	(14,414,602)
(Increase)/ decrease in inventories	(5,850,427)	6,057,878	322,553
Decrease/ (increase) in other assets	16,226,795	(4,264,433)	(5,903,770)
(Decrease)/ increase in trade accounts payable	(19,874,048)	4,185,685	2,856,205
(Decrease)/ increase in other liabilities	(18,410,586)	19,018,130	15,725,394
Net cash provided by operating activities	**24,610,658**	**54,077,857**	**75,052,294**
Cash flow from investing activities			
Movement in restricted cash	(4,789)	16,875	217,306
Purchase of property, plant, and equipment and intangibles	(19,563,743)	(29,800,187)	(23,418,041)
Proceeds from sale of property, plant and equipment	10,250	140,508	479,221
Purchase of shares ^^ *	-	(67,718,771)	-
Purchase of business ^^ *	-	(151,345,521)	(63,683,382)
Short term loan received back from related party	2,215,000	-	-
Changes in additional paid in capital *	(19,398,833)	(21,075,850)	-
Net cash used in investing activities	**(36,742,115)**	**(269,782,946)**	**(86,404,896)**
Cash flow from financing activities			
Proceeds from long term debt ^	28,095,290	252,818,889	112,534,211
Repayments of long term debt ^	(27,336,636)	(6,105,737)	(104,557,711)
Repayments/ proceeds from short term borrowings, net	10,851,191	13,233,071	17,755,623
Short term loan from related party	13,500,000	13,000,000	-
Short term loans repaid to related party	-	(23,700,000)	(13,300,000)
Proceeds from issuance of equity shares	4,200,000	-	-
Short term loan received back from related party	-	-	30,000
Purchase of non controlling interest	-	(33,205,770)	(4,200)
Net cash provided by financing activities	**29,309,845**	**216,040,453**	**12,457,923**
Effect of exchange rate changes	(146,101)	(2,264,571)	(77,181)
Net increase / (decrease) in cash and cash equivalents	17,032,287	(1,929,207)	1,028,140
Cash and cash equivalents at the beginning of the period	13,231,841	30,264,128	28,334,921
Cash and cash equivalents at the end of the period	**30,264,128**	**28,334,921**	**29,363,061**

^^ Consideration for purchase of shares and businesses from Jubilant India discharged directly to the banks of Jubilant India has been shown as a part of net cash provided by investing activities.

* Refer note 4.

^ Revolving credit facility of Jubilant HollisterStier LLC is presented on net basis.

Supplementary information			
Cash paid during the year for interest	1,313,514	15,254,107	19,801,830
Cash paid during the year for income taxes	11,869,273	4,388,042	4,311,446
Property, plant and equipment acquired under capital lease obligation	12,212	-	-

See accompanying notes to the consolidated financial statements

1. Organisation

Jubilant Life Sciences Limited ("Jubilant India") is an Indian Company and the ultimate holding company of the Jubilant Group which comprises of Jubilant India and its subsidiaries. Jubilant Group is a global Pharmaceutical and Life Sciences player engaged in manufacture and supply of Active Pharmaceutical Ingredients ("APIs"), Generics, Specialty Pharmaceuticals and Life Science Ingredients.

During May 2005, Jubilant India incorporated Jubilant Pharma Limited ("JPL, Singapore" or "the Company") in Singapore as its wholly owned subsidiary which has since become an intermediate holding company for various entities of Jubilant Group across the globe.

Jubilant Pharma through its subsidiaries in USA, Canada, Europe and India is engaged in manufacturing and marketing of various pharmaceutical products and services like active pharmaceutical ingredients, dosage forms (tablets and capsules), contract manufacturing of sterile injectables, allergy therapy products and radiopharmaceutical products in various markets spread over United States, Canada, Europe, Asia and other geographies identified on the basis of revenue earned.

The direct / indirect subsidiaries, partnerships of JPL, Singapore are as follows:

S. No.	Name of the entity	Country of incorporation	Name of the parent company / investor	Date of incorporation/ acquisition by the group
Subsidiaries				
1	Jubilant HollisterStier LLC	Unites States of America (USA)	HSL Holdings Inc.	May 31, 2007
2	Jubilant DraxImage Inc.	Canada	Jubilant Pharma Limited	May 28, 2008
3	HSL Holdings Inc.	USA	Jubilant Pharma Holdings Inc.	May 16, 2007
4	Jubilant Clinsys Inc.	USA	Jubilant Pharma Holdings Inc.	October 4, 2005
5	Draximage Limited, Cyprus	Cyprus	Jubilant Pharma Limited	September 12, 2008
6	Draximage Limited, Ireland	Ireland	Draximage Limited, Cyprus	October 20, 2008
7	Draximage LLC	USA	Draximage Limited, Cyprus	May 28, 2008
8	Jubilant DraxImage (USA) Inc.	USA	Draximage Limited, Cyprus	November 4, 2008
9	Deprenyl Inc., USA	USA	Draximage Limited, Cyprus	November 4, 2008
10	6963196 Canada Inc.	Canada	Jubilant DraxImage Inc.	May 28, 2008
11	6981364 Canada Inc.	Canada	Jubilant DraxImage Inc.	May 28, 2008
12	DAHI Animal Health (UK) Limited	United Kingdom (UK)	Jubilant DraxImage Inc.	May 28, 2008
13	Draximage (UK) Limited	UK	Jubilant DraxImage Inc.	May 28, 2008

S No	Name of the entity	Country of incorporation	Name of the parent company / investor	Date of incorporation/ acquisition by the group
14	Jubilant DraxImage Limited	India	Draximage Limited, Cyprus	September 9, 2009
15	Jubilant HollisterStier Inc. (formerly Draxis Pharma Inc.)	USA	HSL Holdings Inc.	October 1, 2009
16	Draxis Pharma LLC.	USA	Jubilant HollisterStier Inc.	October 1, 2009
17	Jubilant Generics Inc. (formerly Generic Pharmaceuticals Holdings Inc.)	USA	Jubilant Pharma Holdings Inc.(till December 22, 2014, refer note 22)	July 8, 2010
18	Jubilant Life Sciences (Switzerland) AG, Schaffhausen	Switzerland	Jubilant Pharma Limited	January 26, 2011
19	Cadista Holdings Inc.	USA	• Jubilant Generics Inc. held 82.38% in Cadista Holdings Inc. till December 22, 2014 • Effective December 23, 2014, Cadista Holdings Inc. became a 100% subsidiary of Jubilant Pharma Holdings Inc. (also refer to note 22)	July 1, 2005
20	Jubilant Pharma Holdings Inc. (formerly known as Jubilant Life Sciences Holdings Inc.)	USA	Jubilant Pharma Limited holds 82% (also refer to note 1 (iv) below)	September 12, 2005
21	Jubilant Cadista Pharmaceuticals Inc.	USA	Cadista Holdings Inc.	July 1, 2005
22	Jubilant Generics Limited	India	Jubilant Pharma Limited	November 25, 2013
23	Jubilant Pharma Trading Inc.	USA	Jubilant Pharma Holdings Inc.	April 24, 2014
24	Jubilant Pharma NV	Belgium	• Jubilant Generics Limited holds 77.65% • Jubilant Pharma Limited holds 22.35% (also refer to note 1 (iii) below)	June 20, 2014

S No	Name of the entity	Country of incorporation	Name of the parent company / investor	Date of incorporation/ acquisition by the group
25	Jubilant Pharmaceuticals NV	Belgium	• Jubilant Pharma N.V. , holds 99.81% • Jubilant Pharma Limited, holds 0.19%	June 20, 2014
26	PSI Supply NV	Belgium	• Jubilant Pharma N.V., holds 99.50% • Jubilant Pharma Limited, holds 0.50%	June 20, 2014
27	Jubilant Life Sciences (Shanghai) Limited	China	Jubilant Pharma Limited	March 25, 2004
28	Jubilant Life Sciences (BVI) Ltd. #	British Virgin Islands (BVI)	Drug Discovery and Development Solutions Limited (effective 3 October, 2013) (also refer to note 1 (i) below)	August 19, 2008
29	Jubilant Biosys (BVI) Limited #	BVI	Jubilant Life Sciences (BVI) Limited	August 20, 2008
30	Jubilant Biosys (Singapore) Pte. Limited #	Singapore	Jubilant Biosys (BVI) Limited	August 20, 2008
31	Jubilant Discovery Services Inc. #	USA	Jubilant Biosys Limited	June 17, 2008
32	Jubilant Drug Development Pte. Limited #	Singapore	Jubilant Life Sciences (BVI) Limited	August 19, 2008
33	Jubilant Innovation (BVI) Ltd. #	BVI	Drug Discovery and Development Solutions Limited (effective 3 October, 2013) (also refer to note 1 (i) below)	March 20, 2009
34	Jubilant Innovation Pte. Limited #	Singapore	Jubilant Innovation (BVI) Limited	March 20, 2009
35	Jubilant Innovation (India) Limited #	India	Jubilant Innovation (BVI) Limited	December 31, 2009
36	Jubilant Innovation (USA) Inc. #	USA	Jubilant Innovation (BVI) Limited	July 14, 2009
37	Jubilant Chemsys Limited #	India	Jubilant Drug Development Pte. Limited	August 30, 2004
38	Jubilant Clinsys Limited #	India	Jubilant Drug Development Pte. Limited	August 30, 2004

S No	Name of the enity	Country of incorporation	Name of parent company / investor	Date of incorporation/ acquisition by the group
39	Vanthys Pharmaceutical Development Private Limited #	India	Jubilant Innovation Pte. Limited	May 11, 2009
40	Jubilant Drug Discovery & Development Services Inc. #	Canada	Jubilant Innovation Pte. Limited	October 18, 2010
41	Jubilant Biosys Limited #	India	Jubilant Biosys (Singapore) Pte. Limited holds 66.98%	February 10, 1998
42	Jubilant Life Sciences International Pte. Limited *	Singapore	Jubilant Life Sciences Limited	April 1, 2008
Partnerships				
43	Jubilant HollisterStier General Partnership (formerly Draxis Pharma General Partnership)	Canada	• Jubilant HollisterStier Inc. • Draxis Pharma LLC	May 28, 2008
44	Draximage General Partnership	Canada	• Jubilant DraxImage Inc. • 6981364 Canada Inc.	May 28, 2008

(i) Effective October 3, 2013, JPL, Singapore had transferred its wholly owned subsidiaries marked as "#" above to a company formed in Singapore (Drug Discovery and Development Solutions Limited), a wholly owned subsidiary of Jubilant India.

(ii) Effective January 20, 2014, JPL, Singapore has transferred its wholly owned subsidiary marked as "*" above to Jubilant India.

(iii) Effective May 19, 2014, Jubilant India had transferred its 77.65% stake in Jubilant Pharma NV, Belgium to Jubilant Generics Limited ("JGL"), India.

(iv) Effective May 19, 2014, Jubilant India had transferred its 18% shares of Jubilant Pharma Holdings Inc. to JGL, India.

(v) Effective July 01, 2014, Active Pharmaceuticals Ingredients (API) and Dosage Form (DF) business (together with its R&D facility and IPR {DMFs, ANDAs and dossier, etc.}) of Jubilant India has been transferred to JGL, a wholly owned subsidiary of JPL, Singapore. These businesses were collectively referred as "Carved In Divisions".

The transactions stated in (i) to (v) above are considered as a common control transaction for accounting purposes.

2. Summary of significant accounting policies

a) Basis of preparation

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States (U.S. GAAP) to reflect the financial position and results of operations of Jubilant Pharma Limited and its subsidiaries and partnerships (collectively hereinafter referred to as "the Group"), by retrospectively consolidating the result of operations, statement of financial position and other financial information of historical common control transactions from the date of inception of common control and retrospective adjustment for historical financial information of transfer out of entities. Any differences between the consideration paid or received and assets/ liabilities, acquired/ transferred for such common control transaction is adjusted through equity.

All intra-group transactions and balances are eliminated in preparation of these consolidated financial statements.

The non-controlling interest disclosed in the consolidated financial statements represents the non-controlling shareholders' interest (outside the common control group) in the consolidated operations of Cadista Holdings Inc. and the profits or losses associated with such non-controlling interest (also refer note 22).

The historical financial statements of Carved In Divisions till the date of the consummation of the transactions i.e. July 1, 2014 had been prepared in the manner mentioned below:

i. Directly identifiable assets, liabilities, income and expenditure had been recorded in the respective Carved In Divisions.

ii. Common expenses (including hedging reserve balance and stock based compensation) incurred by the corporate office on behalf of the Carved In Divisions had been allocated on the basis of key business activities e.g. head count, area occupied, average capital employed etc. Average capital employed includes research and development costs and is calculated as per average of the net assets deployed as at the beginning and the end of the respective reporting periods.

iii. Finance cost (including gain/ loss on related derivative instruments) with respect to Carved In Divisions had been allocated on the basis of average capital employed (computed in the manner stated above).

iv. In accordance with the Indian tax laws, Jubilant India is liable to assess tax on the Company as a whole and therefore, separate tax basis for Carved In Divisions is not available. Further, the tax basis of Carved In Divisions will not be carried forward and tax has been reset under Indian tax law after consummation of transaction.

v. Allocated assets and liabilities had been included in respective line items of consolidated balance sheets and net asset or liability of Carved In Divisions has been included in additional paid in capital.

b) Use of estimates

The preparation of these consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

Significant items subject to such estimates and assumptions include the allocation of various items to Carved In Divisions, useful lives of property, plant and equipment, useful lives of intangibles, fair value measurements for impairment assessment of long-lived assets/ goodwill, valuation allowance for deferred tax assets, accounting for deductions from revenues (such as rebates, charge backs, price equalisations, sales returns and bill backs), allowances for doubtful receivables, assessment for market value of inventory, measurements of stock-based compensation, assets and obligations related to employee benefits, income tax uncertainties and other contingencies. Management believes that the estimates used in the preparation of the consolidated financial statements are reasonable. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any changes in estimates are adjusted prospectively in the consolidated financial statements.

c) Functional currency and exchange rate translation

The consolidated financial statements are reported in U.S. Dollars ("USD"). The functional currency of the Company is the U.S. Dollar. The functional currency of the entities situated in Canada, China, Belgium, Switzerland, United Kingdom and India is their respective local currency. The functional currency of all other entities forming part of the Group is the U.S. Dollar. The financial statements of all entities are included in the consolidated financial statements, based on translation into U.S. Dollars.

Assets and liabilities are translated at year-end exchange rates, while revenues, expenses and cash flow items are translated at average exchange rates. Differences resulting from translation are presented in the consolidated statement of comprehensive income/ (loss) as currency translation adjustments.

Transactions in foreign currencies are translated into the functional currency at the rates of exchange prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into the functional currency at the rates of exchange prevailing at the balance sheet date. The resultant gains or losses are included in the consolidated statement of income.

d) Revenue recognition

Revenue is recognized when significant risks and rewards in respect of ownership of the products are transferred to the customer or when services are provided to customers and when the following criteria are met:

- Persuasive evidence of an arrangement exists;
- Delivery has occurred or services has been rendered;
- The price to the buyer is fixed and determinable; and
- Collectability of the sales price is reasonably assured.

Revenue is presented net of certain rebates/ discounts and allowances including charge-backs, price equalization, expected sales return, bill backs etc.

The computation of these estimates involves significant judgment based on various factors including contractual terms, historical experience, estimated inventory levels and expected sell-through levels in supply chain.

When the advance payment is received from customers, such payments are reported as advances from customers until all conditions for revenue recognition are met.

The revenue related to contract manufacturing arrangements is recognised as follows:

- Any fees including upfront fees received in relation to contract manufacturing arrangements is recognized on straight line basis over the period of completion of related production services. Revenue resulting from the achievement of milestone events stipulated in agreements is recognized when the milestone is achieved. Milestones are based upon the occurrence of a substantive element specified in the contract or as a measure of substantive progress towards completion under the contract.

- Subsequently, revenue towards commercial production services is recognized when services are complete and the product has met rigorous quality assurance testing, delivery is made, title transfers to the customer, and collection is reasonably assured. In certain instances, the Group's customers request that the Group retain materials produced upon completion of the commercial batch production due to the fact that the customer does not have a qualified facility to store those materials or for other reasons. In these instances, the revenue recognition process is considered complete when project documents have been delivered to the customer and amounts due have been collected/ collectable.

The Group enters into revenue arrangements to sell multiple products and/or services (multiple deliverables). Revenue arrangements with multiple deliverables are evaluated to determine if the deliverables (items) can be divided into more than one unit of accounting. An item can generally be considered a separate unit of accounting if all of the following criteria's are met:

- The delivered item(s) has value to the customer on a standalone basis;
- There is objective and reliable evidence of the fair value of the undelivered item(s); and
- If the arrangement includes a general right of return relative to the delivered item(s), delivery or performance of the undelivered item(s) is considered probable and substantially in the control of the Group.

If an arrangement contains more than one element, the arrangement consideration is allocated among separately identified elements based on relative fair values of each element.

The Group enters into collaborative agreements with other parties for product development. The agreement clearly provides for rights and responsibility of each party. All the milestones for product development are defined and responsibility of each party is clearly defined in terms of execution of their respective milestones and the amount to be spent. The Group recognises the amount spent by itself in its books of account whereas the amount spent by counter party is not recognised in the Group's books.

Clinical research services are offered through various fixed price, time and material or unit-based contracts. Revenue from fixed-price contracts for each separately identified element is recorded on a proportional performance basis. Revenue from time and material contracts are recognized as hours are incurred, multiplied by contractual billing rates.

Revenue from unit-based contracts is generally recognized as units are completed. Cost and earnings in excess of billings are classified as unbilled revenue while billings in excess of costs and earnings are classified as deferred revenue.

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

Non-refundable up-front license fees received in connection with product out-licensing agreements are deferred and recognized over the period in which the Group has continuing performance obligations.

Reimbursement of out of pocket expenses received from customers have been included as part of revenues.

Income in respect of entitlement towards export incentives is recognized in accordance with the relevant scheme on recognition of the related export sales. Such export incentives are recorded as part of other operating income.

Royalty revenue is recognized on an accrual basis in accordance with contractual agreements when all significant contractual obligations have been satisfied, the amounts are determinable and collection is reasonably assured.

Taxes collected from customers and remitted to governmental authorities are accounted for on a net basis and therefore are excluded from revenues in the consolidated statement of income.

Shipping and other transportation costs charged to customers are recorded in both revenue and cost of goods sold.

e) Trade accounts receivable

Trade accounts receivable are recorded net of allowances for wholesaler chargebacks related to government and other programs, cash discounts for prompt payment and doubtful accounts. Estimates for wholesaler chargebacks for government and other programs and cash discounts are based on contractual terms, historical trends and our expectations regarding the utilization rates for these programs. Estimates of our allowance for doubtful accounts are determined based on existing contractual payment terms, historical payment patterns of our customers and individual customer circumstances, an analysis of days' sales outstanding by geographic region and a review of the local economic environment and its potential impact on government funding and reimbursement practices. Historically, the amounts of uncollectible accounts receivable that have been written off have been insignificant and consistent with management's expectations.

f) Inventories

Inventories comprise raw materials, stores and spares, work-in-process and finished goods. Inventories are stated at lower of cost or net realizable value. Cost is determined using the weighted average method. Stores and spares comprise engineering spares such as machinery spares, and consumables such as lubricants and oils, which are used in operating machines or consumed as indirect materials in the manufacturing process. Cost in the case of raw materials and stores and spares, comprises the purchase price and attributable direct cost, less trade discounts. Cost in the case of work-in-progress and finished goods comprise direct labour, material cost and production overheads.

A write down of inventory to the lower of cost or net realizable value at the end of a reporting period creates a new cost basis and is not marked up based on changes in underlying facts and circumstances. Write-downs of cost to market value, if any, are included in the cost of goods sold.

g) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and all highly liquid investments purchased with an original maturity of three months or less.

h) Research and development and advertising

Revenue expenditure on research and development and advertising is expensed as incurred. Capital expenditure incurred on equipment and facilities that are acquired or constructed for research and development activities and having alternative future uses is capitalized as tangible assets when acquired or constructed. Advertising cost amounted to 466,553; 324,089 and 953,678 for the years ended March 31, 2014, 2015 and 2016, respectively.

i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and amortization. The Group depreciates property, plant and equipment over the estimated useful life using the straight-line method. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited or charged to consolidated statement of income.

The estimated useful lives of assets are as follows:

Buildings	30-60 years
Machinery and equipment	1-20 years
Office equipment	3-15 years
Furniture and fixtures	5-15 years
Computer equipment	3-5 years
Computer software	3-5 years
Vehicles	3-5 years
Vehicles under finance lease	Period of the lease
Leasehold improvement	Shorter of useful life or the remaining period of lease

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date and the cost of property, plant and equipment not put to use before such date are disclosed under capital work-in-progress which is disclosed under property, plant and equipment. The interest cost incurred for funding an asset during its construction period is capitalized based on the actual investment in the asset and the average cost of funds. The capitalized interest is included in the cost of the relevant asset and is depreciated over the estimated useful life of the asset.

j) Business combinations, goodwill and other intangible assets

The Group accounts for its business combinations by recognizing the identifiable tangible and intangible assets and liabilities assumed, and any non-controlling interest in the acquired business, measured at their acquisition date fair values. All assets and liabilities of the acquired business, including goodwill, are assigned to reporting units.

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is reviewed for impairment at least annually i.e. as at March 31 every year.

The Group performs an assessment of qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount.

Based on the assessment of events or circumstances, the Group performs the quantitative assessment of goodwill impairment if it determines that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. In the quantitative assessment, recoverability of goodwill is evaluated using a two-step process.

Under step one, the fair value of the reporting unit is compared with its carrying amount (including goodwill). If the fair value of the reporting unit is less than its carrying amount, an indication of goodwill impairment exists for the reporting unit and the entity must perform step two of the impairment test (measurement).

Under step two, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation and the residual fair value after this allocation is the implied fair value of the reporting unit goodwill. Fair value of the reporting unit is determined using a discounted cash flow analysis. If the fair value of the reporting unit exceeds its carrying amount, step two does not need to be performed.

The estimated useful lives of intangibles are as follows:

Customer contracts and relationship intangibles	3 - 10 years
Abbreviated New Drug Applications (ANDA's)	6 - 20 years
Patents, know how	5 years
Intellectual property rights	5 years

Intangible assets are amortized over their estimated useful lives using a method of amortization that reflects the pattern in which the economic benefits of the intangible assets are consumed or otherwise realized.

k) Segment reporting

The accounting policies adopted for segment reporting are in line with accounting policies of the Group. Revenues, expenses, assets and liabilities have been identified to segments on the basis of their relationship to operating activities of the segments (taking into account the nature of products and services and, risks and rewards associated with them) and internal management information systems and the same is reviewed from time to time to realign the same to conform to the business units of the Group.

l) Impairment of long lived assets

Long lived assets, such as property, plant, and equipment, and purchased intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long lived asset or asset group (reporting unit) be tested for possible impairment, the Group first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying amount. If the carrying amount of the long lived asset or asset group is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying amount exceeds its fair value.

m) Investment securities

Equity securities that do not have readily determinable fair values are carried at cost adjusted for other-than-temporary impairment.

A decline in the fair value below cost that is deemed to be other than temporary results in an impairment to reduce the carrying amount to fair value. Such impairment is charged to the consolidated statement of income.

Held-to-maturity corporate bonds are recorded at amortized cost, adjusted for the amortization or accretion of premiums or discounts. Temporary unrealized holding gains and losses, net of the related tax effect on available for sale securities are excluded from income and are reported as a separate component of consolidated statement of comprehensive income/ (loss), until realized.

Premiums and discounts are amortized or accreted over the life of the related held-to-maturity security as an adjustment to yield using the effective interest method. Dividend and interest income are recognized when earned.

n) Derivatives and hedge accounting

In the normal course of business, derivative financial instruments are used to manage fluctuations in foreign currency exchange rates and interest rate risk. The derivative instruments are recognized as either assets or liabilities in its consolidated balance sheets and measures them at fair value.

Gains and losses resulting from changes in fair value are accounted for depending on the use of the derivative and whether it is designated and qualifies for hedge accounting.

Changes in fair values of derivatives designated as cash flow hedges are deferred and recorded as a component of consolidated statement of comprehensive income/ (loss) reported under consolidated statement of comprehensive income/ (loss) until the hedged transactions occur and are then recognized in the consolidated statement of income along with the underlying hedged item and disclosed as part of line item in which underlying hedge item is recorded.

Changes in the fair value of derivatives not designated as hedging instruments, the ineffective portion of derivatives designated as cash flow and interest rate hedges are recognized in the consolidated statement of income.

With respect to derivatives designated as hedges, the Group contemporaneously and formally documents all relationships between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also formally assesses, both at the inception of the hedge and on a quarterly basis, on cumulative basis, whether each derivative is highly effective in offsetting changes in fair values or cash flows of the hedged item. If it is determined that a derivative or a portion thereof is not highly effective as a hedge, or if a derivative ceases to be a highly effective hedge, the Group will prospectively discontinue hedge accounting with respect to that derivative.

If hedge accounting is discontinued and the derivative is retained, the Group continues to carry the derivative at its fair value on the balance sheet and recognizes any subsequent change in its fair value in the consolidated statement of income.

The gains and losses attributable to such derivative that were accumulated in consolidated statement of comprehensive income/ (loss) till discontinuance of hedge relationship is carried forward and transferred to consolidated statement of income when forecasted transaction occur. If it is probable that a forecasted transaction will not occur, such accumulated (gains)/ losses are transferred to consolidated statement of income immediately.

o) Income taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Deferred tax assets are reduced by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred taxes are not provided on the undistributed earnings of subsidiaries outside India where it is expected that the earnings of the foreign subsidiary will be permanently reinvested.

The Group applies a two-step approach for recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining, based on the technical merits, that the position will be more likely than not sustained upon examination. The second step is to measure the tax benefit as the largest amount of the tax benefit that is greater than 50% likely of being realized upon settlement. The Group includes interest and penalties related to unrecognized tax benefits within its provision for income tax expense.

The Group uses the flow-through method to account for investment tax credits earned on eligible scientific research and development expenditures. Under this method, the investment tax credits are recognized as a reduction to income tax expense.

The Group recognizes interest and penalties related to unrecognized tax benefits within the income tax expense line in the accompanying consolidated statement of income. Accrued interest and penalties are included within the related tax liability line in the consolidated balance sheet.

p) Retirement benefits to employees

Contributions to defined contribution plans are charged to consolidated statement of income in the period in which services are rendered by the covered employees. Current service costs for defined benefit plans are accrued in the period to which they relate.

The Group makes contribution to a recognised provident fund “Vam Employees Provident Fund Trust” (a multiemployer trust) for most of its employees in India, which is a defined benefit plan to the extent that the Group has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

The Group’s obligation in this regard is determined by an independent actuary and provided for if the circumstances indicate that the Trust may not be able to generate adequate returns to cover the interest rates notified by the Government. For other employees in India, provident fund is deposited with Regional Provident Fund Commissioner. This is treated as defined contribution plan. Group’s contribution to the provident fund is charged to consolidated statement of income.

The liability in respect of defined benefit plans is calculated annually by the Group using the projected unit credit method. Prior service cost, if any, resulting from an amendment to a plan is recognized and amortized over the remaining period of service of the covered employees.

The Group recognizes its liabilities for compensated absences dependent on whether the obligation is attributable to employee services already rendered, relates to rights that vest or accumulate and payment is probable and estimable.

The Group records annual amounts relating to its defined benefit plans based on calculations that incorporate various actuarial and other assumptions, including discount rates, mortality, assumed rates of return, compensation increases, turnover rates and healthcare cost trend rates. The Group reviews its assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends when it is appropriate to do so.

The effect of modifications to those assumptions is recorded immediately as a component of net periodic pension cost. The Group believes that the assumptions utilized in recording its obligations under its plans are reasonable based on its experience and market conditions.

q) Fair value measurement

The Group measures fair value for various financial and non-financial assets, to the extent required by respective guidance either for recording or disclosure purposes. Except those items which are excluded from scope of ASU 2011 - 04, such fair value is determined based on the price 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.

The accounting standard establishes a fair value hierarchy that categorise observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

- Level 2: Observable inputs that are based on inputs not quoted on active markets, but corroborated by market data.

- Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Group utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and considers credit risk in its assessment of fair value.

r) Stock based compensation

The Group recognizes and measures compensation expense for all stock-based awards based on their grant date fair value for stock awards (net of estimated forfeiture) and recognizes the expense over vesting period using graded vesting method. For the option awards, grant date fair value is determined under the option-pricing model (Black-Scholes-Merton). Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures materially differ from those estimates.

s) Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigations, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment and/ or remediation can be reasonably estimated. Legal costs incurred in connection with the same are expensed as incurred.

t) Recent Accounting Pronouncements

Recently adopted accounting pronouncements

The following recently released accounting standard has been adopted by the Group:

- In April 2015, the FASB issued ASU 2015-03, simplifying the Presentation of Debt Issuance Costs. This ASU, which is effective for fiscal years and interim periods beginning after December 15, 2015, requires debt issuance costs to be presented in the balance sheet as a direct deduction from the related debt liability rather than as an asset. Early adoption of ASU 2015-03 is permitted, and accordingly the consolidated balance sheet for each period presented has been adjusted to reflect the new presentation requirement.

- The Group has adopted FASB ASU 2015-17 Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes ("ASU 2015-17"). The new guidance requires that all deferred tax assets and liabilities, along with any related valuation allowance, be classified as noncurrent on the balance sheet. The guidance however does not change the existing guidance that prohibits offsetting deferred tax liabilities from one jurisdiction against deferred tax assets of another jurisdiction. Early adoption of ASU 2015-17 is permitted, and accordingly the consolidated balance sheet for each period presented has been adjusted to reflect the new presentation requirement.

- ASU 2015-11 changes the measurement principle for inventory from the lower of cost or market to lower of cost and net realizable value for entities that do not measure inventory using the last-in, first-out or retail inventory method. The ASU also eliminates the requirement for these entities to consider replacement cost or net realizable value less an approximately normal profit margin when measuring inventory. The adoption of ASU 2015-11 did not have a material impact to the Group's consolidated financial statements.

Recently issued accounting pronouncements

- In May 2014, the FASB issued amended accounting guidance on revenue recognition that will be applied to all contracts with customers. The objective of the new guidance is to improve comparability of revenue recognition practices across entities and to provide more useful information to users of financial statements through improved disclosure requirements. In August 2015, the FASB approved a one-year deferral of the effective date making this guidance effective for interim and annual periods beginning in 2018. Reporting entities may choose to adopt the standard as of the original effective date. The Group is currently assessing the impact of adoption on its consolidated financial statements.

- In January 2016, the FASB issued ASU No. 2016-01, "Financial Instruments—Overall: Recognition and Measurement of Financial Assets and Financial Liabilities," which primarily affects accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, the ASU clarifies guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. The ASU will be effective for us beginning January 1, 2018, including interim periods in our fiscal year 2018. Early adoption is permitted. The Group is in the process of determining the method of adoption and assessing the impact of this ASU on our consolidated results of operations, cash flows, financial position and disclosures.

- In February 2016, the FASB issued ASU No. 2016-02, "Leases." The core principle of the ASU is that a lessee should recognize the assets and liabilities that arise from its leases other than those that meet the definition of a short-term lease. The ASU requires extensive qualitative and quantitative disclosures, including with respect to significant judgments made by management. The ASU will be effective for us beginning January 1, 2019, including interim periods in our fiscal year 2019. Early adoption is permitted. The Group is in the process of determining the method of adoption and assessing the impact of this ASU on our consolidated results of operations, cash flows, financial position and disclosures.

- The FASB issued ASU 2016-13 "Financial Instruments-credit losses": Its significantly changes how companies measure and recognize credit impairment for many financial assets. The new current expected credit loss model will require companies to immediately recognize an estimate of credit losses expected to occur over the remaining life of the financial assets that are in the scope of the standard. The ASU also makes targeted amendments to the current impairment model for available-for-sale debt securities. The ASU will be effective for us beginning January 1, 2021, including interim periods in our fiscal year 2021. Early adoption is permitted. The Group is in the process of determining the method of adoption and assessing the impact of this ASU on our consolidated results of operations, cash flows, financial position and disclosures.

3. Financial instruments and concentration of credit risk

Financial instruments that potentially subject the Group to concentration of credit risk are reflected principally in cash and cash equivalents including restricted cash, trade accounts receivable including unbilled revenue, prepaid and other current assets including investment securities, and derivative financial instruments.

The Group operates in certain highly regulated markets such as North America and Europe. The Group places its cash and cash equivalents and derivative financial instruments with corporations and banks with high investment grade ratings, limits the amount of credit exposure with any one corporation or bank and conducts ongoing evaluation of the credit worthiness of the corporations and banks with which it does business.

The customers of the Group are spread across North America, Europe, Asia and rest of the world regions though majority of customers are based out of North America, and accordingly, trade accounts receivables are concentrated in these geographies. To reduce credit risk, the Group performs ongoing credit evaluation of customers. For the years ended March 31, 2014, March 31, 2015 and March 31, 2016, there is no major customer with respect to consolidated revenue of the Group. As of March 31, 2014, March 31, 2015 and March 31, 2016, one customer is having 17%, 16% and 19% share in total trade receivables of the Group respectively. For the years ended March 31, 2014, March 31, 2015 and March 31, 2016, one product individually accounted for approximately 11%, 11% and 15% share of net revenue, respectively.

For investment securities, the management monitors ongoing performance of the investee company and performs periodic valuation to assess recoverability of its investments. By their nature, all financial instruments stated above involve risk including the credit risk of non-performance by counter parties. In management's opinion, as of March 31, 2014, March 31, 2015 and March 31, 2016, other than those already accounted for there was no significant risk of loss in the event of non-performance of the counter parties to these financial instruments.

4. Accounting for Common Control transaction

During the year ended 31 March 2015, the Group consummated the following common control transaction:

(i) Effective May 19, 2014, Jubilant India had transferred its 77.65% stake in Jubilant Pharma NV, Belgium to Jubilant Generics Limited ("JGL"), India.

(ii) Effective May 19, 2014, Jubilant India had transferred its 18% shares of Jubilant Pharma Holdings Inc. to JGL, India.

The aggregate consideration for purchase of shares as stated in (i) and (ii) above was 36,038,744 (net of borrowings of 31,680,027).

(iii) Effective July 01, 2014, Active Pharmaceuticals Ingredients (API) and Dosage Form (DF) business (together with its R&D facility and IPR {DMFs, ANDAs and dossier, etc.}) of Jubilant India has been transferred to JGL, a wholly owned subsidiary of JPL, Singapore. These businesses were collectively referred as "Carved In Divisions".

The business was transferred by way of a slump sale on going concern basis for a lump sum consideration of 155,193,721 (net of borrowings of 65,514,362).

These transactions being transactions between common control entities, the assets and liabilities acquired have been recorded at historical cost in the consolidated financial statements. The excess of consideration over historical cost (including tax effect of change in tax basis) as of the date of transaction amounting to 71,767,360 has been recorded as an adjustment to additional paid in capital.

Additionally, the Group also transferred the following entities to Jubilant, India:

(i) Effective October 3, 2013, JPL, Singapore had transferred its wholly owned subsidiaries marked as "#" in note 1 to a company formed in Singapore (Drug Discovery and Development Solutions Limited). This new company is a wholly owned subsidiary of Jubilant India.

(ii) Effective January 20, 2014, JPL, Singapore has transferred its wholly owned subsidiary marked as "*" in note 1 to Jubilant India for a consideration of 46,706.

These entities came under common control in years earlier than year ended March 31, 2014 and therefore, these transfers being transactions between common control entities, these entities have been deconsolidated retrospectively from the date entities came under common control. The difference of 20,571,592 between carrying amount of these investments and the consideration received was recorded as an adjustment to opening Additional paid in capital in periods prior to all periods presented

Further, 28,337,882 representing aggregate amount of net accumulated loss of business/ entities which were transferred in/ out of the Group from/ to common control entities, before the entities came under common control was recorded as an adjustment to additional paid in capital in periods prior to all periods presented.

5. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016
Balance with banks*	30,246,430	28,317,357	29,027,527
Cash in hand	17,698	17,564	10,932
Funds in transit	-	-	324,602
	30,264,128	**28,334,921**	**29,363,061**

* Including balances in money market accounts

6. Restricted cash

	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016
Restricted cash - current portion (a)	36,099	299,846	69,821
Restricted cash - non-current portion (b)	299,705	18,960	2,252
	335,804	**318,806**	**72,073**

(a) Restricted cash includes 11,369, representing margin money with banks and 24,730 representing security bond given to a municipal government authority in connection with the construction of building improvements and a parking lot at one of its manufacturing facility in Salisbury, Maryland. Balance as of March 31, 2015 includes 293,181 representing amounts earmarked through a standby letter of credit given to sub-lessor of Bedminster, New Jersey office premises which was withdrawn during the year ended March 31, 2016 at expiry of the sublease in July 2015 and 6,665 representing margin money with banks. Balance as of March 31, 2016 amounting to 69,821 represents margin money with banks.

(b) Restricted cash includes 292,595 representing amounts earmarked through a standby letter of credit given to sub-lessor of Bedminster, New Jersey office premises which was withdrawn during the year ended March 31, 2016, at expiry of the sublease in July 2015 and 7,110 represents margin money with banks. Balance as of March 31, 2015 and 2016 amounting to 18,960 and 2,252 respectively represents margin money with banks.

7. Trade accounts receivable balances amounting to 84,409,155; 84,969,483 and 96,353,664 as of March 31, 2014, 2015, and 2016 respectively are presented net of allowance for doubtful receivables. The following table provides details of allowance for doubtful receivables as recorded by the Group:

	Year ended March 31, 2014	**Year ended March 31, 2015**	**Year ended March 31, 2016**
Balance at the beginning of the year	1,538,015	1,697,398	2,667,870
Additional allowance	444,461	1,653,571	216,630
Recovery of bad debts	-	-	61,695
Bad debts charged to allowance	(305,868)	(618,293)	(782,357)
Translation adjustment	20,790	(64,806)	19,367
Balance at the end of the year	**1,697,398**	**2,667,870**	**2,183,205**

8. Inventories

Inventories consist of the following:

	As of March 31, 2014	**As of March 31, 2015**	**As of March 31, 2016**
Raw materials	38,206,804	40,580,429	36,376,774
Work-in-process	26,994,778	22,812,205	26,315,376
Finished goods	38,207,884	30,252,414	29,143,789
Stores and spares	12,401,091	12,783,944	12,120,485
	115,810,557	**106,428,992**	**103,956,424**

9. Prepaid expenses and other current assets

Prepaid expenses and other current assets consist of the following:

	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016
Prepaid expenses	2,573,786	3,160,842	3,380,880
Recoverable from government authorities	4,866,243	6,602,018	10,208,074
Advance taxes	2,436,353	504,649	17,359,692
Recoverable towards sale of investment	-	-	2,765,009
Note receivable	11,460,796	6,536,623	2,990,231
Others	2,100,791	1,790,364	1,916,975
	23,437,969	**18,594,496**	**38,620,861**

10. Property, plant and equipment, net

Property, plant and equipment, net consist of the following:

	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016
Land	7,549,571	7,146,353	7,002,296
Buildings	100,749,856	99,324,615	109,509,815
Machinery and equipment *	240,944,771	238,469,252	245,752,716
Office equipment	2,741,806	3,488,077	4,227,650
Furniture and fixtures	6,178,513	6,083,261	6,174,636
Leasehold improvements	1,071,769	1,611,635	1,661,045
Computer equipment	5,325,493	5,662,855	6,429,471
Computer software	16,111,017	15,712,069	16,158,455
Vehicles	315,967	285,160	344,948
Capital work in progress	13,567,832	28,250,512	18,834,265
Property Plant and equipment, gross	**394,556,595**	**406,033,789**	**416,095,297**
Less: Accumulated depreciation and amortization	(125,180,016)	(139,778,252)	(155,369,594)
	269,376,579	**266,255,537**	**260,725,703**

Depreciation expense on property, plant and equipment for the years ended March 31, 2014, 2015 and 2016 was 19,650,850; 21,394,466 and 20,069,389 respectively. The amount of amortization on computer software for the years ended March 31, 2014, 2015 and 2016 was 2,114,007; 1,313,748 and 1,658,359, respectively.

Total interest capitalized in connection with ongoing construction activities for the years ended March 31, 2014, 2015 and 2016 was 17,820; 217,198 and 284,881, respectively.

Certain term loans are secured by exclusive or pari passu charge among the lenders on property, plant and equipment of respective entities of the Group. Also refer note 15 and 16 for details of borrowings.

* Includes 1,996,071 received on account of settlement fee for termination of customer contract during the year ended March 31, 2016. Also refer note 23.

Vehicles, net include vehicles held under finance lease arrangements, which consist of the following:

	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016
Vehicles	151,423	60,023	159,276
Total	**151,423**	**60,023**	**159,276**
Less: Accumulated depreciation	(84,124)	(18,757)	(45,398)
	67,299	**41,266**	**113,878**

Balance as of March 31, 2014 includes 56,312 allocated to the Carved In Divisions. Further, amount as of March 31, 2015 represents the leased vehicles which had been transferred pursuant to the consummation of the transaction (refer note 4).

11. Goodwill and intangible assets, net

Goodwill

The following table represents the changes in the carrying amount of goodwill for the years ended March 31, 2014, 2015, and 2016:

	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016
Balance at the beginning of the year			
Goodwill	209,080,230	202,416,608	187,942,930
Accumulated impairment losses	(30,875,172)	(31,492,820)	(31,492,820)
	178,205,058	**170,923,788**	**156,450,110**
Impairment losses recognized during the year *	(617,648)	-	-
Translation adjustment	(6,663,622)	(14,473,678)	(470,151)
Balance at the end of the year			
Goodwill	202,416,608	187,942,930	187,472,779
Accumulated impairment losses	(31,492,820)	(31,492,820)	(31,492,820)
	170,923,788	**156,450,110**	**155,979,959**

* During the year ended March 31, 2014, management decided to discontinue its Clinical Research business operations. Consequently, the remaining amount of goodwill of 617,648 for the Clinical Research business has been impaired and charged to the consolidated statement of income.

Intangible assets, net

Information regarding the Group's intangible assets acquired either individually, with a group of other assets or in a business combination is as follows:

	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016
Gross carrying value			
-Customer contracts and relationship intangibles	15,673,176	14,694,420	14,354,056
-Abbreviated New Drug Applications (ANDA's)	35,151,628	30,618,232	30,210,784
-Patents, know how	3,775,109	3,270,534	3,235,463
-Intellectual property rights	1,788,480	1,393,200	1,452,299
	56,388,393	**49,976,386**	**49,252,602**
Accumulated amortization			
-Customer contracts and relationship intangibles	14,528,765	14,131,920	14,354,056
-Abbreviated New Drug Applications (ANDA's)	25,332,284	24,556,808	26,101,974
-Patents, know how	3,775,109	3,270,534	3,235,463
-Intellectual property rights	1,758,671	1,393,200	1,452,299
	45,394,829	**43,352,462**	**45,143,792**
Net carrying value	**10,993,564**	**6,623,924**	**4,108,810**

Amortization expense on intangible assets for the years ended March 31, 2014, 2015 and 2016 was 3,793,255; 3,358,860; and 2,406,479, respectively.

The estimated amortization schedule for the intangible assets as at March 31, 2016 is set out below:

Year ended March 31,	
2017	1,146,893
2018	765,933
2019	561,021
2020	198,878
2021	198,878
2022 and onwards	1,237,207
	4,108,810

12. Investment securities

Detail of investments securities are as follows:

	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016
Investment in common stock	2,173,500	2,173,500	2,173,500
Investment in preferred stock	698,270	698,270	-
	2,871,770	**2,871,770**	**2,173,500**

The above investments have been classified as equity securities that do not have readily determinable fair values and are carried at cost adjusted for other-than-temporary impairment.

Further, the Group has investment in corporate bonds amounting to 268,487 as of March 31, 2014, 2015 and 2016 which has been classified as held to maturity investment. This investment in corporate bonds was fully impaired in earlier years.

13. Depreciation and amortization

The Group's underlying accounting records do not contain an allocation of depreciation and amortization between cost of goods sold, selling, general and administration expenses and research and development expenses. As such, the charge for depreciation and amortization has been presented as a separate line item in the consolidated statement of income.

14. Accrued expenses and other current liabilities

Accrued expenses and other current liabilities consist of the following:

	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016
Accrued employee cost	10,730,200	8,283,534	11,036,893
Accrued expenses	9,243,568	8,131,696	6,211,425
Income taxes payable	1,047,814	707,448	19,076,175
Advance from customer	1,092,012	1,978,396	3,139,905
Other liabilities	1,849,042	7,174,194	6,333,654
	23,962,636	**26,275,268**	**45,798,052**

15. Long term debt

Long term debt consists of the following:

Nature of loan	Maturity pattern	Interest rate/ Outstanding amount	As of March 31, 2014		As of March 31, 2015		As of March 31, 2016
Term Loan A ##	Half yearly installments ending in June 2021	Interest rate	-		6 months Libor plus spread		6 months Libor plus spread
		Outstanding amount	-		84,878,090		85,406,418
Term Loan C ##	Refer note ^^	Interest rate	-		Refer note ^^		Refer note ^^
		Outstanding amount	-		60,000,000		60,000,000

Nature of loan	Maturity pattern	Interest rate/ Outstanding amount	As of March 31, 2014		As of March 31, 2015		As of March 31, 2016
Term Loan	Quarterly installments ending in October 2021	Interest rate	-		-		3 months Libor plus 3.25% p.a.
		Outstanding amount	-		-		46,961,496
Term Loan	Quarterly installments ending in June 2019	Interest rate	-		0.75% + bank base rate		0.75% plus bank base rate
		Outstanding amount	-		23,717,355		12,570,146
Term Loan	Quarterly installments ending in June 2019	Interest rate	-		1.25% plus bank base rate		1.25% plus bank base rate
		Outstanding amount	-		23,717,355		12,570,146
Term Loan	Half yearly installments ending in July 2019	Interest rate	-		0.50% + bank base rate		0.50% plus bank base rate
		Outstanding amount	-		20,547,103		10,886,892
Revolver credit loan *	Maturing on September 01, 2017	Interest rate	1.95% - 2.68%		Libor plus 1.50% - 4.50%		Libor plus 1.50% - 3.35%
		Outstanding amount	77,164,638		75,616,776		38,315,560
Term Loan	Quarterly installments ending in February 2021	Interest rate	-		-		0.15% plus bank base rate
		Outstanding amount	-		-		14,428,815
Term Loan ^^^	Quarterly installments ending in October 2021	Interest rate	-		-		3 months CDOR plus 3.25% p.a.
		Outstanding amount	-		-		24,718,408
Facility B - term loan ^	Yearly installments ending on October 27, 2018	Interest rate	3 months CDOR plus 5.50% p.a.		3 months CDOR plus 5.50% p.a.		-
		Outstanding amount	28,781,825		24,712,157		-

Nature of loan	Maturity pattern	Interest rate/ Outstanding amount	As of March 31, 2014		As of March 31, 2015		As of March 31, 2016
Facility C - term loan	Quarterly installments ending on May 27, 2014	Interest rate	3.42% - 3.47%		-		-
		Outstanding amount	4,202,653		-		-
Term Loan @	Quarterly installments ending in October 2021	Interest rate	-		-		3 months Libor plus 3. 25% p.a.
		Outstanding amount	-		-		34,290,904
Term Loan @	Quarterly installments ending in September 2018	Interest rate	-		3 months Libor plus 375 basis points		-
		Outstanding amount	-		34,604,373		-
Term Loan	Half yearly installments ending in December 2020	Interest rate	-		-		CPLR minus 610 basis points
		Outstanding amount	-		-		11,229,939
Finance lease obligation	Monthly installments ending in February 2021	Interest rate	15%		15%		15%
		Outstanding amount	11,220		47,692		115,738
Finance lease obligation	Monthly installments ending in October 2018	Interest rate	-		-		15%
		Outstanding amount	-		-		5,332
Total			**110,160,336**		**347,840,901**		**351,499,794**
Less: Current portion			(33,267,579)		(23,127,021)		(24,815,076)
			76,892,757		**324,713,880**		**326,684,718**

* The terms of the loan arrangement contain certain restrictive covenants, mainly the requirements to maintain certain financial ratios. The Group did not adhere to some of the financial covenants as of March 31, 2014, and during the years ended March 31, 2015 and 2016, which were subsequently waived by the bank through revised agreements dated December 5, 2014, and December 17, 2015, respectively. The Group was in compliance of such covenants as of March 31, 2016. Portion of the loan was hedged by an interest rate swap up to July 01, 2015 (for details refer note 19).

^The terms of the loan arrangement contain certain restrictive covenants, mainly the requirements to maintain certain financial ratios. As of March 31, 2014, the Group did not adhere to some financial covenants which has resulted into classification of the entire debt balance as current, as the bank has the right to demand repayment of the debt balance immediately and without prior notice. Subsequently, the Group has repaid the loan during the year ended March 31, 2016.

##The terms of the loan arrangement contain certain restrictive covenants, mainly the requirements to maintain certain financial ratios. As of March 31, 2015, the Group did not adhere to some financial covenants which were subsequently waived by the bank. The Group is in compliance of such covenants as of March 31, 2016.

^^ During the year ended March 31, 2015, the Group had obtained a term loan amounting to 60,000,000 from International Finance Corporation (IFC), due for repayment on June 15, 2020 (50%) and June 15, 2021 (50%) along with the repayment premium in accordance with the terms of the contract, if on or prior to such repayment date there has been (a) neither a Private Equity (PE) Investment nor a Qualifying IPO or (b) there has been a PE Investment but IFC has not converted the entire loan into shares pursuant to its put option.

Basis assessment as of reporting date, conversion of the loan into shares is considered to be probable. Accordingly, the Group has recognized expense amounting to 5,600,000 and 5,100,000 for the years ended March 31, 2015, and 2016, respectively in the consolidated financial statements for discount offered to IFC under the terms of contract, the expense is based on the probabilities of occurrence of Private Equity Investment (percentage of loan converted into shares thereupon) and Qualifying IPO for different time periods falling between the reporting date and June 15, 2021. This instrument is considered as stock settled debt as the characteristic of this instrument do not expose the counterparty to risk and rewards similar to those of an owner and, therefore, do not create a shareholder relationship. Accordingly, this instrument has been classified as debt instrument only.

^^^ During the year ended March 31, 2016, the Group has entered into a new term loan agreement with ICICI Bank. The proceeds from this term loan was used to prepay Facility B - term loan maturing on October 27, 2018.

@ During the year ended March 31, 2016, the Group has entered into a new term loan agreement with ICICI Bank. The proceeds from this term loan was used to prepay the old term loan maturing in September 2018.

Certain term loans are secured by exclusive or pari passu charge among the lenders on property, plant and equipment, inventory, trade accounts receivables and other receivables, of respective entities of the Group.

The aggregate maturities of long-term debt, based on contractual maturities, as of March 31, 2016 are as follows:

	As of March 31, 2016
Within 1 year	24,815,076
1-2 years	90,420,888
2-3 years	59,388,829
3-4 years	48,612,646
4-5 years	44,987,859
After 5 years	23,274,496
	291,499,794*

* Excluding Term Loan C, refer note ^^ above.

16. Short term borrowings

Jubilant Cadista Pharmaceuticals Inc., has obtained a revolving credit facility of USD 10 million, in September 2015 at an interest of 3 months libor plus 3.25% p.a. The outstanding loan amount as of March 31, 2016 was 8,000,000.

Jubilant HollistierStier Inc. had a revolving credit facility of Canadian Dollars 15 million (USD 10.81 million) since March 2010 bearing interest at an average rate ranging between 4.75% - 5.50%. This facility had been closed during the year ended March 31, 2016. The outstanding loan amount as of March 31, 2014, 2015 and 2016 was 13,606,954; 6,483,016 and Nil, respectively.

Jubilant DraxImage Inc. has obtained a revolving credit facility of Canadian Dollars 6.72 million (USD 5.2 million), in October 2015 at an interest of Canadian Prime rate plus 2 % margin p.a. The outstanding loan amount as of March 31, 2016 was Nil.

Jubilant DraxImage Inc. had a working capital loan of Canadian Dollars 4 million (USD 3.62 million) at an interest rate of 2.5% plus CAD prime. The outstanding loan amount as of March 31, 2014, 2015 and 2016 was 2,701,401; Nil and, Nil, respectively.

JGL has the following working capital limits:

- Working capital limit from Yes Bank Limited of INR Nil; INR 750 million (USD 12 million) and INR 950 million (USD 14.34 million) during the year ended March 31, 2014, 2015 and 2016, respectively, at base rate plus 2.50% p.a. The outstanding loan amount as of March 31, 2014, 2015 and 2016 was Nil; 7,275,946, and 14,192,060, respectively.

- Working capital limit from Ratnakar Bank Limited of INR Nil; INR 350 million (USD 5.60 million) and INR 350 million (USD 5.28 million) during the year ended March 31, 2014, 2015 and 2016, respectively, at base rate plus 2% p.a. The outstanding loan amount as of March 31, 2014, 2015 and 2016 was Nil; 3,285,513, and 5,210,918, respectively.

- Working capital limit from Kotak Mahindra Bank of INR Nil; INR 250 million (USD 4 million) and INR 250 million (USD 3.77 million) during the year ended March 31, 2014, 2015 and 2016, respectively, at base rate plus 3% p.a. The outstanding loan amount as of March 31, 2014, 2015 and 2016 was Nil; 2,559,045, and 3,719,228, respectively.

- Working capital limit from Exim Bank of INR Nil; INR 300 million (USD 4.80 million) and INR 300 million (USD 4.53 million) during the year ended March 31, 2014, 2015 and 2016, respectively, at an interest rate of 6 months libor plus 350 basis points. The outstanding loan amount as of March 31, 2014, 2015 and 2016 was Nil; 4,387,212, and 4,300,000, respectively.

- Working capital limit from ICICI Bank Limited of INR Nil; INR 400 million (USD 6.40 million) and INR 400 million (USD 6.04 million) during the year ended March 31, 2014, 2015 and 2016, respectively, at an interest rate of base rate plus 3% p.a. The outstanding loan amount as of March 31, 2014, 2015 and 2016 was Nil; 1,638,047, and 3,637,263, respectively.

- Working capital limit from Axis Bank Limited of INR Nil; INR 450 million (USD 7.20 million) and INR 450 million (USD 6.79 million) during the year ended March 31, 2014, 2015 and 2016, respectively, at an interest rate of base rate plus 2.5% p.a. The outstanding loan amount as of March 31, 2014, 2015 and 2016 was Nil; 3,889,574, and 6,642,345, respectively.

Certain short term borrowings are secured by exclusive or pari passu charge among the lenders on property, plant and equipment, inventory, trade accounts receivables and other receivables, of respective entities of the Group.

Weighted average rate of interest for the years ended March 31, 2014, 2015 and 2016 was 7.12%; 10.56%, and 10.87%, respectively. Rate of interest as of March 31, 2014, 2015 and 2016 was 7.40%; 11.98% and 12.06%, respectively.

17. Employee benefit plans

The Group has employee benefit plans in the form of certain statutory and other schemes covering its employees.

Defined contribution plans

The Group's entities located in United States of America have 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 0.5% increments (1% up to December 2015) 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 of 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 Group contribution of 3% of eligible compensation. The Group's matching contributions vest 100% after three years of service.

The entities of the Group located in Canada contribute to a Registered Retirement Savings Plan (RRSP) and to Quebec Pension Plan (QPP). Under RRSP plan, the Group contributes equivalent to the contribution made by the employee, up to a maximum of 5% of the employees' base salary. Under QPP plan, the Group contributes equivalent to the contribution made by the employees at the rate of 5.175%; 5.25% and 5.25% of the employees' base salary for the year ended March 31, 2014, 2015 and 2016, respectively.

The employees of the Carved In Divisions are entitled for certain defined contribution plans such as provident fund etc. Further, the entities of the Group located in Belgium contribute to social security fund named as Rijks Sociale Zekerheid (RSZ).Under this plan the Group contributes 33.33% of the employee's annual compensation and employees contribute 13% of their annual compensation.

During the years ended March 31, 2014, 2015 and 2016, the Group contributed the following amounts to defined contribution plans in various jurisdictions:

	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016
United States of America	1,171,240	1,092,118	1,099,296
India	833,921	948,945	930,432
Canada	2,604,477	2,132,668	1,811,533
Belgium	286,243	276,971	98,574
China	71,566	76,064	85,769

The Group makes contribution to a recognised provident fund "Vam Employees Provident Fund Trust" (a multiemployer trust) for most of its employees in India, which is a defined benefit plan to the extent that the Group has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

The Contribution made for the years ended March 31, 2014, 2015 and 2016 is as follows:

	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016
Contribution to Vam Employees Provident Fund Trust	833,921	726,085	610,079

Defined benefit plans

The Group has a defined benefit retirement plan (the "Gratuity Plan"). The gratuity plan covers all the employees based in India which consists of only Carved in Divisions. The Gratuity Plan provides a lump sum payment to vested employees upon retirement or termination of employment based on each employee's salary and duration of employment with the Group. The Gratuity Plan benefit cost for the year is calculated on an actuarial basis in accordance with projected unit credit method.

The gratuity liability for employees covered under this plan is funded with Life Insurance Corporation of India. Life Insurance Corporation of India's overall investment strategy is to invest predominantly in fixed income funds managed by asset management companies and the valuation is performed using net asset value of these funds, the details of Investment maintained by Life Insurance Corporation are not available with the group, hence not disclosed. For non-Indian entities of the Group, the Group does not have any defined benefit plan but has a defined contribution plan as detailed above.

The following table sets forth the funded status of the defined benefit plan and the amounts recognized in the Group's consolidated financial statements based on an actuarial valuation carried out as of March 31, 2014, 2015 and 2016.

Change in benefit obligation	**As of March 31, 2014**	**As of March 31, 2015**	**As at March 31, 2016**
Projected benefit obligation at the beginning of the year	813,540	1,411,833	1,750,206
Actualisation adjustment *	-	76,191	-
Service cost	271,797	229,397	301,780
Actuarial loss	298,350	269,868	103,327
Interest cost	150,337	84,718	129,816
Benefits paid	(51,459)	(254,533)	(437,402)
Effect of exchange rate changes	(70,732)	(67,268)	(100,584)
Projected benefit obligation at the end of the year	**1,411,833**	**1,750,206**	**1,747,143**

Change in fair value of plan assets	**As of March 31, 2014**	**As of March 31, 2015**	**As of March 31, 2016**
Fair value of plan assets at the beginning of the year	244,658	292,913	285,226
Actualisation adjustment *	-	13,363	-
Employer contributions	88,222	4,725	60,105
Expected return on plan assets	20,959	20,273	25,244
Actuarial loss	(116)	(7,321)	(3,357)
Benefits paid	(51,459)	(26,490)	(98,589)
Effect of exchange rate changes	(9,351)	(12,237)	(8,835)
Fair value of plan assets at the end of the year	**292,913**	**285,226**	**259,794**

* Refer note 4.

The outstanding amount in respect of retirement benefits comprise the following:

	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016
Retirement benefits - current portion	218,851	23,316	16,916
Retirement benefits - non- current portion	900,069	1,441,664	1,470,434
	1,118,920	**1,464,980**	**1,487,350**

Net defined benefit plan costs for the years ended March 31, 2014, 2015 and 2016 include the following components:

	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016
Service costs	271,797	229,397	301,780
Interest costs	150,337	84,718	129,816
Expected return on plan assets	(20,959)	(20,273)	(25,244)
Net actuarial loss	298,466	277,189	106,684
Net Gratuity Plan costs	**699,641**	**571,031**	**513,036**

The Group's best estimate of contribution during next year fiscal year is 613,091.

The expected benefit payments set forth below reflect expected future service.

Year	Amount
2017	276,226
2018	320,000
2019	383,396
2020	463,396
2021	489,057

The above stated net defined benefit plan costs for the years ended March 31, 2014, 2015 and 2016 has been included in property, plant and equipment, cost of goods sold and selling, general and administration expenses.

The weighted average assumptions used to determine the Gratuity Plan costs for the years ended March 31, 2014, 2015 and 2016 are presented below:

	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016
Discount rate	9.4%	7.74%	7.9%
Rate of increase in compensation per annum	10 % for first 3 years and 6% thereafter	10 % for first 3 years and 6% thereafter	10 % for first 3 years and 6% thereafter
Expected long term rate of return on plan assets per annum	9%	9%	9%

The Group assesses these assumptions with its projected long-term plans of growth and prevalent industry standards.

18. Leases

The Group leases office facilities and certain equipment under non-cancellable operating lease agreements. Rent expense under these leases was 1,986,697; 1,643,367 and 1,181,229, for the years ended March 31, 2014, 2015 and 2016, respectively.

Future minimum lease payments as of March 31, 2016 for such non-cancellable operating leases are as follows:

Year ending March 31,	
2017	915,802
2018	720,670
2019	556,341
2020	455,351
2021	1,228,092
Total minimum payments	**3,876,256**

Rent expense under cancellable operating lease was 503,099; 993,800 and, 1,048,662, for the years ended March 31, 2014, 2015 and 2016, respectively.

The Group has leased vehicles under capital lease arrangements. Future minimum lease payments are as follows:

As of March 31,	
2017	55,325
2018	43,737
2019	26,237
2020	17,245
2021	7,826
Total minimum lease payments	**150,370**
Less: amount representing future interest	(29,300)
Present value of minimum lease payments	121,070
Less: current portion	(41,466)
Long-term capital lease obligations	**79,604**

19. Derivative financial instruments

Interest rate risk management

Objectives and context

The Group generally uses variable rate debt to finance its operations. These debt obligations expose the Group to variability in interest payments due to changes in the spread, which is the primary underlying exposure of the aforementioned debt. If interest rates increase, interest expense increases. Conversely, if interest rates decrease, interest expense also decreases. The Group enters into derivative contracts to manage fluctuation in interest rates.

Strategies

To meet this objective, the Group enters into various types of derivative instruments to manage fluctuations in cash flows resulting from interest rate risk attributable to changes in the benchmark interest rate of borrowings. These instruments include benchmark interest rate based interest rate swaps. Under the interest rate swaps, the Group receives benchmark interest rate based variable interest rate payments and makes fixed interest rate payments, thereby creating fixed-rate long-term debt. The purchased interest rate agreements protect the Group from variation in interest rate spread.

Risk management policies

The Group assesses interest rate cash flow risk by continually identifying and monitoring changes in interest rate exposures that may adversely impact expected future cash flows and by evaluating hedging opportunities. The Group maintains risk management control systems to monitor interest rate cash flow risk attributable to both the Group's outstanding or forecasted debt obligations as well as the Group's offsetting hedge positions. The risk management control systems involve the use of analytical techniques, including cash flow sensitivity analysis, to estimate the expected impact of changes in interest rates on the Group's future cash flows.

Foreign currency risk management

Objectives and context

The Group operates internationally; therefore, its earnings, cash flows, and financial position are exposed to foreign currency risk from foreign-currency-denominated receivables, payables, borrowings and forecasted sales transactions. Thus, a foreign currency risk is a primary underlying exposure from these assets, liabilities and transactions. The Group enters into derivative contracts to manage such risks.

Strategies

The Group periodically assesses amount and timing of its foreign currency inflows and outflows and enters into derivative contracts for a portion of its exposure, to hedge the price risk associated with fluctuations in market prices. The derivative contracts limit the unfavorable effect that price fluctuations will have on foreign currency cash flows.

Risk management and objectives

The Group believes it is prudent to minimize the variability caused by foreign currency risk. Management attempts to minimize foreign currency risk by pricing contracts in U.S. Dollars and by using derivative hedging instruments when necessary on the basis of their continuous monitoring of foreign currency risk.

	Notional principal amounts*	**Exposure in consolidated balance sheets****
As of March 31, 2014		
(i) Interest rate swaps #(a)	17,100,876	587,547
(ii) Foreign exchange forward contracts #(b)	82,091,081	5,669,026
As of March 31, 2015		
(i) Interest rate swaps #(a)	16,216,645	145,786
(ii) Foreign exchange forward contracts #(b)	29,000,000	162,400

	Notional principal amounts*	Exposure in consolidated balance sheets**
As of March 31, 2016		
(i) Interest rate swaps #(a)	-	-
(ii) Cross currency swaps #(b)	-	-

Derivative measured at fair value on a recurring basis using Level 2 inputs in the calculation of fair value.
a) Not designated as hedge, used for interest rate risk management.
b) Not designated as hedge, used for foreign exchange rate risk management.

*Notional amounts are key elements of derivative financial instrument agreements, but do not represent the amount exchanged by counterparties and do not measure the Group's exposure to credit or market risks.

However, the amounts exchanged are based on the notional amounts and other provisions of the underlying derivative financial instruments agreements.

**Balance sheet exposure is denominated in U.S. dollars and denotes the mark-to-market impact of the derivative financial instruments on the reporting date.

The fair value of derivative instruments and their location in the consolidated financial statements of the Group is summarized in the table below:

	Not-designated as hedge		
	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016
Assets			
Prepaid expenses and other current assets	-	162,400	-
Liabilities			
Accrued expenses and other current liabilities	-	145,786	-
Other liabilities - Non current	6,256,573	-	-

For foreign exchange forward contracts which are designated as hedging instrument for cash flow hedge of foreign currency denominated forecasted sales, the effective portion of the gain/ (loss) on the derivative instrument is reported as a component of consolidated statement of comprehensive income/ (loss) and reclassified into earnings in the same period or periods during which the hedged transaction is recognized in the consolidated statement of income. Gains/(losses) on the derivatives representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in earnings as incurred, which in aggregate was not significant for all periods presented. The gains and losses are reclassified into earnings, as a component of revenue, in the same period as actual sales affects earnings. The Group does not have any foreign exchange forward contracts which are designated as hedging instrument as of March 31, 2015 and 2016.

The (gains)/ loss recognized in consolidated of comprehensive income/ (loss), and their effect on financial performance is summarized below:

	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016
Opening balance	3,797,567	-	-
Net (gains)/ loss reclassified consolidated statements of income on completion of hedged transactions	1,995,541	-	-
Changes in fair value of effective portion of outstanding derivatives, net	(5,408,386)	-	-
Cumulative translation adjustment	(384,722)	-	-
Closing balance	**-**	**-**	**-**

The gains/ (loss) recognized in consolidated statements of income, and their effect on financial performance is summarized below:

Derivatives in cash flow hedging relationships	Amount of gain/ (loss) recognized in consolidated statements of comprehensive income/(loss) on derivatives (effective portion)	Location of gain/ (loss) reclassified from consolidated statements of comprehensive income/(loss) (effective portion)	Amount of gain/ (loss) reclassified from consolidated statements of comprehensive income/(loss) (effective portion)	Location of gain/ (loss) recognized in consolidated statements of income on derivative (ineffective portion and amount excluded from effectiveness testing)	Amount of gain/ (loss) recognized in consolidated statements of income on derivative (ineffective portion and amount excluded from effectiveness testing)
Year ended March 31, 2014					
Foreign exchange forward contracts	(5,408,386)	Revenues, net	(1,995,541)	Other (income)/ expenses, net	-
Year ended March 31, 2015					
Foreign exchange forward contracts	-	-	-	-	-
Year ended March 31, 2016					
Foreign exchange forward contracts	-	-	-	-	-

The gains/ (loss) recognized in consolidated statements of income, and their effect on financial performance is summarized below:

Derivatives not designated as hedging instruments	Location of (gain)/ loss recognized in consolidated statements of income	Amount of (gain)/ loss recognized in consolidated statements of income
Year ended March 31, 2014		
Interest rate swaps	Other (income)/expenses, net	(428,272)
Foreign exchange forward contracts	Other (income)/expenses, net	2,194,364
Year ended March 31, 2015		
Interest rate swaps	Other (income)/expenses, net	(441,761)
Cross currency swaps	Other (income)/expenses, net	(39,412)
Foreign exchange forward contracts	Other operating income	(165,985)
Year ended March 31, 2016		
Interest rate swaps	Other (income)/expenses, net	(145,786)
Cross currency swaps	Other operating income, net	155,627

20. Stock based compensation

Jubilant India has provided an employee stock option scheme as summarized below:

Employee stock option plan, 2005 ('Plan 2005')

In September 2005, Jubilant India's Board of Directors approved an option plan for employees of Jubilant India and its subsidiaries, under which senior employees in India and the United States could be granted options to purchase up to 5,500,000 ordinary shares of Jubilant India. Any option not exercised by the end of the exercise period will expire, unless the exercise period is extended by the Board of Directors.

All options granted under the plan allow for the purchase of shares of common stock at prices equal to their market value at the date of grant. Options become exercisable in varying amounts generally beginning one year after the date of grant with 10%, 15%, 20%, 25% and 30% vesting each year over five years from the grant date. Options may be exercised up to nine years from the first vesting date. No options under this scheme have been granted during the years ended March 31, 2014, 2015 and 2016.

Employee stock option plan, 2011 ('Plan 2011')

In August 2011, Jubilant India's Board of Directors approved an option plan for employees of Jubilant India and its subsidiaries, under which eligible Directors (other than Promoter Directors) and other specified categories of employees could be granted options to purchase up to 5,353,000 ordinary shares of Jubilant India. Options are to be granted at market price.

Under, 2011 plan, each option, upon vesting, shall entitle the holder to acquire one equity share of INR 1 each. Options granted will vest over a period of 3 years from the grant date. Options become exercisable in varying amounts generally beginning one year after the date of grant with 20%, 30%, 50% vesting each year over three years from the grant date.

Options may be exercised up to ten years and eight years following the grant date for Plan 2005 and Plan 2011 scheme respectively.

The fair value of each option award has been estimated on the date of grant using the Black Scholes option pricing model using the weighted average assumptions in the following table. The risk free rate for the expected term of the option is based on interest rates available on Government of India bonds as at the date of grant. The following table shows the significant assumptions used in connection with the determination of the fair value of options granted during the year ended March 31, 2014. No options under this scheme have been granted during the years ended March 31, 2015 and 2016.

The fair value of stock options was determined using the Black Scholes option pricing model with the following assumptions:

Particulars	Plan 2005	Plan 2011
Expected volatility	29.73% - 41.76%	38.36% - 45.95%
Risk free interest rate	7.52% - 9.44%	7.74% - 8.81%
Expected dividend yield	0.51% - 0.90%	0.63% - 1.10%
Life of options (years)	4.25	3.65

Stock option activity for plan 2005, during the year ended March 31, 2014, 2015 and 2016 is as follows:

	No. of Shares	Weighted average exercise price		Weighted average remaining contractual term	Aggregate intrinsic value
		INR	USD		
Balance at March 31, 2013	88,935	231.49	3.79	4.11	-
Forfeited	(19,900)	246.42	4.03	-	-
Exercised	-	-	-	-	-
Balance at March 31, 2014	69,035	223.73	3.66	3.01	-
Vested and expected to vest as of March 31, 2014	67,460	223.78	3.66	2.95	-
Vested and exercisable as of March 31, 2014	63,785	223.91	3.66	2.80	-

	No. of Shares	Weighted average exercise price		Weighted average remaining contractual term	Aggregate intrinsic value
		INR	USD		
Balance as of March 31, 2014	69,035	223.73	3.66	3.01	-
Forfeited	(32,650)	214.15	3.50	-	-
Exercised	-	-	-	-	-
Actualisation adjustment *	47,000	259.82	4.25	-	-
Balance as of March 31, 2015	83,385	247.83	4.05	2.21	-
Vested and expected to vest as of March 31, 2015	83,385	247.83	4.05	2.21	-
Vested and exercisable as of March 31, 2015	83,385	247.83	4.05	2.21	-
Balance as of March 31, 2015	83,385	247.83	4.05	2.21	-
Forfeited	(13,385)	229.43	3.52	-	-
Exercised	(49,000)	250.93	3.85	-	-
Balance as of March 31, 2016	21,000	252.30	3.87	2.99	-
Vested and expected to vest as of March 31, 2016	21,000	252.30	3.87	2.99	-
Vested and exercisable as of March 31, 2016	21,000	252.30	3.87	2.99	-

Stock option activity for plan 2011, during the year ended March 31, 2014, 2015 and 2016 is as follows:

	No. of Shares	Weighted average exercise price		Weighted average remaining contractual term	Aggregate intrinsic value
		INR	USD		
Balance at March 31, 2013	424,620	207.51	3.39	7.19	-
Granted	1,937	176.00	2.88	-	-
Forfeited	88,537	206.51	3.38	-	-
Exercised	-	-	-	-	-
Balance at March 31, 2014	338,020	207.59	3.39	6.21	-
Vested and expected to vest as of March 31, 2014	222,230	206.18	3.37	6.11	-
Vested and exercisable as of March 31, 2014	108,933	203.95	3.34	5.97	-

	No. of Shares	Weighted average exercise price		Weighted average remaining contractual term	Aggregate intrinsic value
		INR	USD		
Balance at March 31, 2014	338,020	207.59	3.39	6.21	-
Forfeited	(160,047)	211.30	3.46	-	-
Exercised	-	-	-	-	-
Actualisation adjustment *	1,064	-	-	-	-
Balance at March 31, 2015	179,037	210.62	3.44	5.24	-
Vested and expected to vest as at March 31, 2015	161,574	209.03	3.42	5.21	-
Vested and exercisable as at March 31, 2015	114,898	206.93	3.38	5.11	-
Balance at March 31, 2015	179,037	210.62	3.44	5.24	-
Forfeited	(64,407)	206.82	3.17	-	-
Exercised	(56,365)	210.22	3.22	-	-
Balance at March 31, 2016	58,265	307.29	4.71	5.44	-
Vested and expected to vest as at March 31, 2016	51,377	312.39	4.79	5.40	-
Vested and exercisable as at March 31, 2016	35,483	213.44	3.27	5.28	-

The weighted average fair value of options under plan 2011, granted during the year ended March 31, 2014 was INR 236.86 (USD 3.92). No option has been granted during the years ended March 31, 2015 and 2016.

The stock based compensation expense related to these stock plans during the years ended March 31, 2014, 2015 and 2016 was 173,590; 84,752 and 29,618, respectively and has been allocated to cost of goods sold and selling, general and administrative expenses as applicable.

The Jubilant Employee Welfare Trust (Trust) primarily holds equity shares of the Group which are to be transferred to employees of the Parent Company and its subsidiaries upon exercise of their stock options under various Employee Stock Options Plans (ESOP) in force. Above shares held by the Trust are purchased from market instead of direct issuance by the Parent Company.

* Pursuant to the consummation of the transaction (refer note 4), the options granted have also been actualised to represent the options transferred along with the employees of the Carved In Divisions.

Stock option plan of Cadista Holdings Inc.

Cadista Holdings Inc. has issued 749,547 stock options during the period 1995 to 2000 providing option to purchase equal number of common stock of Cadista Holdings Inc. at a price ranging from 0.80 to 1.60 per share and the weighted average exercisable price of these options is 1.54 as at each year end. The options were granted at exercise prices higher than the fair values on grant dates. All of the options are fully vested as of July 1, 2005 and remain unexercised since then.

Pursuant to the terms of the merger (refer note 22), each option to purchase shares that was issued by Cadista and was outstanding at the effective time of the merger on December 22, 2014, was at the effective time of the merger, automatically cancelled, and the holder of such option was entitled to receive cash (without interest, and less any applicable withholding taxes) equal to the product of (i) the excess, if any, of the merger consideration (1.60 per -share) over the per share exercise price of such option, multiplied by (ii) the number of shares subject to such option. Options with an exercise price that was equal to or greater than the merger consideration, upon the consummation of the merger, were cancelled without consideration. Holders of stock options are not entitled to exercise appraisal rights under Delaware law.

The erstwhile option holders holding 59,500 options at an exercise price of 0.80 per share have the right to make a claim for the differential amount of 0.80 per share totaling to 47,600, hence the Group has provided liability for the same in the books of account during the year ended March 31, 2015. Further, during the year ended March 31, 2016 one option holder claimed 4,200 for 5,250 options held which was adjusted with the total liability.

21. Common stock

The Company has one class of common stock.

The holders of common stock of the Company are entitled to one vote per common stock. Upon the liquidation, dissolution or winding up of respective entities, shareholders are entitled to receive a ratable share of the available net assets of the respective entity after payment of all debts and other liabilities. These common stock have no preemptive, subscription, redemption or conversion rights.

22. On December 22, 2014, the Group had acquired the remaining non controlling interest of 17.62% of the outstanding common stock of its subsidiary Cadista Holdings Inc. for a consideration of 33,205,770. This was accounted for as an equity transaction and the excess of consideration over the accumulated amount of such non controlling interest has been shown as an adjustment to the additional paid in capital.

23. Other operating income, net

Other operating income, net consists of the following:

	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016
Scrap sales	987,334	849,457	603,799
Foreign exchange gain/ (loss), net	(1,419,505)	2,200,497	446,699
Export incentives	280,258	375,960	3,272,678
Settlement fee for termination of customer contract	-	-	3,646,071
Others	1,654,506	1,356,084	705,006
	1,502,593	**4,781,998**	**8,674,253**

24. Other (income)/ expenses, net

Other (income)/ expenses, net comprises of the following:

	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016
Interest income	(123,340)	(256,821)	(89,842)
Finance cost *	13,988,586	26,255,170	22,076,134
Loss/ (profit) on sale of property, plant and equipment, net	(1,815)	518,090	1,413,781
Foreign exchange loss, net	3,466,345	(1,332,822)	1,595,729
Expense on stock settled debt instrument	-	5,600,000	5,100,000
Profit on sale of investments	-	-	(2,066,739)
Others	(453,049)	(650,697)	(76,615)
	16,876,727	**30,132,920**	**27,952,448**

* net of interest capitalised, refer note 10.

25. Income taxes

The Income tax expense from continuing operations consists of the following:

	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016
Current tax	10,885,423	3,575,906	21,374,768
Deferred tax benefit	(3,052,772)	(9,177,678)	(3,841,182)
Income tax expense/ (benefit)	**7,832,651**	**(5,601,772)**	**17,533,586**

The items accounting for the difference between income taxes computed at the federal and state statutory rates and the income tax expense are as follows:

	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016
Income before income tax expense	32,113,950	3,416,532	66,246,055
Statutory tax rates *	17.00%	17.00%	17.00%
Computed expected income tax expense	5,459,372	580,810	11,261,829
Research and development and other tax credits	(2,925,654)	(3,829,065)	(3,840,692)
Valuation allowance created during the period	393,613	150,333	472,531
Tax rate difference	6,204,541	(2,658,464)	8,552,189
Adjustment on account of change in exchange rates	(1,069,538)	(1,013,536)	(425,898)
State tax	54,584	1,157,880	530,714
Others	(284,267)	10,270	982,913
	7,832,651	**(5,601,772)**	**17,533,586**

***** Tax rate as applicable to Singapore tax laws

Deferred income taxes reflect the net tax effects of temporary difference between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016
Deferred tax assets			
Net operating loss carry-forwards	52,242,079	32,325,257	24,026,914
Accrued liabilities and other expenses	8,063,704	11,075,065	15,792,419
Provision for doubtful debts	285,670	792,620	584,066
Intangibles other than goodwill	1,790,172	1,885,694	2,238,274
Tax credit carry-forwards	8,051,143	2,093,019	28,396
Others	4,994,968	4,258,935	5,927,014
Gross deferred tax assets	**75,427,736**	**52,430,590**	**48,597,083**
Less: Valuation allowance	(47,228,805)	(2,750,834)	(3,352,410)
Total deferred tax assets	**28,198,931**	**49,679,756**	**45,244,673**
Deferred tax liabilities			
Intangible assets	(6,332,524)	(13,829,251)	(16,086,784)
Property, plant and equipment	(15,219,956)	(1,119,632)	(5,189,756)
Others	(461,142)	(1,790,714)	(1,691,760)
Total deferred tax liabilities	**(22,013,622)**	**(16,739,597)**	**(22,968,300)**
Net deferred tax asset	**6,185,309**	**32,940,159**	**22,276,373**

In assessing the realizibility of deferred tax assets, management considers whether it is more likely than not, that some portion, or all, of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable incomes over the periods in which the deferred tax assets are deductible, management believes that it is more likely than not, the entities will realize the benefits of those deductible differences, net of existing valuation allowances. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

The Group has recognized deferred tax liability on account of temporary differences arising out of goodwill amortization for tax purposes which cannot be offset against deferred tax assets. The balance of such liability as of March 2014, 2015 and 2016 was 6,332,524; 13,829,251 and 16,086,784, respectively.

Jubilant Pharma Holdings Inc. (consolidated) has net operating loss (federal and state) carry forwards amounting to 10,477,016 available to reduce future income taxes. Out of this, net operating loss carry forwards amounting to 2,806,578 are limited by section 382 which can be utilized to the extent of 311,842 annually. If not used as per section 382 net operating loss will expire between tax years 2025-2026 and balance will expire by tax year 2037. A valuation allowance of 4,948,842 was created on state taxes.

In accordance with the Indian tax laws, Jubilant India is liable to assess tax on company as a whole basis and therefore, separate tax basis for Carved In Divisions is not available. Current and deferred taxes of the Carved In Divisions for each period presented have been identified by following separate-return method.

Basis this method, taxable loss which the Carved In Divisions carried forward as of March 31, 2014, amounted to 143,104,109. A valuation allowance was recognized on these carried forward losses as it is more likely than not that all of the deferred tax assets on these losses will not be realized in future. Pursuant to the transfer of Carved In Divisions, the carry forward losses and other temporary differences existed as on March 31, 2015 are not carried forward and accordingly consequential adjustment has been made to deferred tax assets / deferred tax liabilities.

As on the date of transaction, difference in tax basis and book basis of the transferred assets and liabilities has also resulted into the creation of deferred tax asset amounting to 18,863,800.

JGL has incurred net operating loss and unabsorbed depreciation amounting to 13,223,189 and 40,925,112, respectively during the year ended March 31, 2016 which is available to reduce future income taxes. If not used, the carry forward loss will expire in the tax year 2023-2024 and unabsorbed depreciation can be carried forward indefinitely. A valuation allowance has been created on the closing deferred tax assets on items stated above.

Cyprus entities have net operating loss carry forwards amounting to 176,713 available to reduce future income taxes. If not used, the tax credits will expire between tax years 2016-2021. A valuation allowance has been created on the same.

Belgium entities have net operating loss carry forwards amounting to 4,113,991 available to reduce future income taxes. The same can be carried forward without any time limitation.

JLS Switzerland has net operating loss carry forwards amounting to 97,437 available to reduce future income taxes. If not used, the tax credits will expire between tax years 2020-2023. A valuation allowance has been created on the same.

JLS (Shanghai) Limited has net operating loss carry forwards amounting to 555,186 available to reduce future income taxes. If not used, the tax credits will expire between tax year 2020. A valuation allowance has been created on the same.

As of March 31, 2014, 2015 and 2016, the accumulated undistributed earnings of the foreign subsidiaries are 65,243,094; 47,229,056 and 51,447,166, respectively. Such earnings are considered to be indefinitely reinvested and, accordingly no deferred tax liability has been recorded on the undistributed earnings.

The uncertain tax positions are accounted in accordance with the ASC 740-10, consequently no penalty and interest were required to be accrued. The income tax returns of the Group's subsidiaries in US, Canada, and India remain subject to audit for years beginning 2014, 2012, 2015. Further income tax returns of other subsidiaries remain subject to audit for years beginning 2011 - 2015.

26. Related party transactions

The Group has entered into related party transactions with the following related parties:

Jubilant Life Sciences Limited ('holding company of Jubilant Pharma Limited')
Jubilant Clinsys Limited ('affiliate')
Jubilant Chemsys Limited ('affiliate')
Jubilant Life Sciences (USA) Inc. ('affiliate')
Jubilant Biosys Limited ('affiliate')
Jubilant Discovery Services Inc. ('affiliate')
Jubilant Drug Discovery & Development Services Inc. ('affiliate')
Jubilant Life Sciences NV ('affiliate')
Jubilant Innovation (BVI) Limited ('affiliate')
Jubilant Agri and Consumer Products Limited ('affiliate')
Vam Employees Provident Fund Trust ('affiliate')

Jubilant Innovation (USA) Inc. ('affiliate')
Jubilant Oil & Gas Private Limited ('affiliate')
Jubilant Life Sciences International Pte Limited ('affiliate')
Jubilant Agri and Consumer Products Limited ('affiliate')

The related party transactions can be categorized as follows:

	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016
Services rendered to :			
- Jubilant Clinsys Limited	17,398	1,417	-
- Jubilant Innovation (USA) Inc.	93	-	-
Services rendered by :			
- Jubilant Clinsys Limited	309,882	206,628	161,831
- Jubilant Biosys Limited	8,609	7,336	22,015
- Jubilant Life Sciences Limited	-	236,289	69,308
- Jubilant Life Sciences (USA) Inc.	-	225,000	245,600
- Jubilant Chemsys Limited	-	-	13,531
Purchase of goods/raw material from :			
- Jubilant Life Sciences Limited	35,870,432	7,852,195	3,101,233
- Jubilant Life Sciences (USA) Inc.	5,200	201,471	-
- Jubilant Life Sciences International Pte Limited	46,790,314	32,724,699	12,908,534
Expenses incurred by :			
- Jubilant Life Sciences Limited	992,907	7,988,294	7,015,203
- Jubilant Clinsys Limited	197,306	138,763	70,584
- Jubilant Life Sciences (USA) Inc.	15,000	57,817	12,991
- Jubilant Chemsys Limited	-	6,490	6,489
- Jubilant Life Sciences NV	-	-	191,644
- Jubilant Biosys Limited	-	32,858	-
Expenses incurred for :			
- Jubilant Life Sciences Limited	374,837	265,107	450,388
- Jubilant Life Sciences (USA) Inc.	116,129	101,870	127,963
- Jubilant Discovery Services Inc.	14,923	74,887	136,695
- Jubilant Drug Discovery & Development Services Inc.	26,974	25,068	11,900
- Jubilant Chemsys Limited	-	53,509	115,986
- Jubilant Agri and Consumer Products Limited	-	34,728	62,897
- Jubilant Clinsys Limited	80,181	36,229	-
- Jubilant Biosys Limited	215,340	-	-
- Jubilant Innovation (USA) Inc.	60	-	-

	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016
Sale of goods to :			
- Jubilant Life Sciences Limited	-	311,445	805,470
- Jubilant Chemsys Limited	-	361	273
- Jubilant Life Sciences (USA) Inc.	14,693,660	5,115,967	-
- Jubilant Life Sciences NV	8,211,828	-	-
Borrowings taken :			
- Jubilant Life Sciences Limited	13,500,000	13,000,000	-
Borrowings repaid :			
- Jubilant Life Sciences Limited	-	23,700,000	13,300,000
Borrowings received back :			
- Jubilant Life Sciences International Pte. Ltd.	2,215,000	-	-
Interest on borrowings/ payable for business purchase :			
- Jubilant Life Sciences Limited	98,792	7,906,448	363,291 ^
Contribution to provident fund trust :			
-Vam Employees Provident Fund Trust	833,921	726,085	610,079
Rent paid to :			
- Jubilant Life Sciences Limited *	-	710,975	796,922
- Jubilant Clinsys Limited *	-	1,805	-
Purchase of property, plant and equipment from :			
- Jubilant Oil & Gas Private Limited	-	-	2,042
- Jubilant Chemsys Limited	-	3,271	-
Consideration for share purchase from ^^ :			
- Jubilant Life Sciences Limited	-	67,718,771	-
Consideration for business purchase from ^^ :			
- Jubilant Life Sciences Limited	-	220,708,083	-

* represents rent for office space taken under operating lease from Jubilant Life Sciences Limited and Jubilant Clinsys Limited.

^ Net of 3,128,144, interest liability reversed
^^ refer note 1 (iii) to (v) for details of transactions

The balances receivable from and payable to related parties are summarized as follows:

Due from related parties

Trade and other receivables from related parties

	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016
Jubilant Innovation (BVI) Limited	30,000	30,000	-
Jubilant Drug Discovery and Development Services Inc.	5,491	-	40
Jubilant Discovery Services Inc.	14,923	59,217	316,445
Jubilant Biosys Limited	206,731	181,557	167,442
Jubilant Chemsys Limited	-	-	109,743
Jubilant Life Sciences (USA) Inc.	1,303,170	-	-
Jubilant Life Sciences NV	1,246,604	-	-
	2,806,919	**270,774**	**593,670**

Due to related parties

Short term debt (including interest) payable

	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016
Jubilant Life Sciences Limited	23,844,400	13,520,551	-
	23,844,400	**13,520,551**	**-**

Trade and other payables to related party

	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016
Jubilant Clinsys Limited	1,328,603	1,616,424	1,643,447
Jubilant Life Sciences Limited	10,937,521	3,967,590	9,026,651
Jubilant Life Sciences (USA) Inc.	-	216,400	514,885
Jubilant Life Sciences NV	-	1,061,978	601,923
Vam Employees Provident Fund Trust	-	140,449	139,184
Jubilant Chemsys Limited	299,637	-	-
Jubilant Life Sciences International Pte Limited	14,693,564	11,301,026	2,590,875
	27,259,325	**18,303,867**	**14,516,965**

Payable for business purchase (including interest)

	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016
Jubilant Life Sciences Limited	-	72,448,111	5,608,007
	-	**72,448,111**	**5,608,007**

The management is of the opinion that its related party transactions are at arm's length and will not have any impact on the consolidated financial statements, particularly on the amount of tax expense and that of provision for taxation.

All the related party transactions are settled in the normal course of business and as per contractual obligations, if any.

27. Commitments and contingencies

Capital Commitments

As of March 31, 2014, 2015 and 2016 the Group had committed to spend 4,913,584; 7,956,297 and 8,525,703, respectively under agreements to purchase property, plant and equipment and computers respectively. This amount is net of capital advances paid in respect of these purchases.

Other commitments

Exports obligation undertaken by the Group under EPCG scheme to be completed over a period of six years on account of import of capital goods with no import duty and remaining outstanding is Nil; 1,237,387 and 1,286,800 as of March 31, 2014, 2015 and 2016, respectively. Export obligation under Advance License Scheme on duty free import of specific raw materials, remaining outstanding is 46,339,158; 19,198,268 and 15,421,361 as of March 31, 2014, 2015 and 2016 respectively.

Contingencies

The Group, as a result of its nature of business, is subject to penalties by customers on account of various reasons like recall, service levels etc. The Group may become subject to various products liability, consumer, commercial, environmental and tax litigations and claims, government investigations and other legal proceedings that may arise in future.

The Group accrues for contingencies to the extent that the management concludes their occurrence is probable and the related liabilities are estimable.

The aggregate amount of claims not acknowledged as debt as of March 31, 2014, 2015 and 2016 was 3,596,152; 3,971,023 and 4,761,108, respectively. Outstanding guarantees furnished by banks on behalf of the Group as of March 31, 2014, 2015 and 2016, were 16,826; 22,493 and 20,514 respectively.

A customer has filed a claim against a subsidiary of the Group located in Belgium for alleging contravention of certain provisions of Licensing and Supply agreement between the parties and claiming damages amounting to 2,875,120; 2,239,677 and 2,370,933 (excluding interest) as of March 31, 2014, 2015 and 2016, respectively . The Group has also filed a counter claim against this customer for damages amounting to 3,283,955; 2,558,154 and 2,708,073 of March 31, 2014, 2015 and 2016, respectively in the same dispute. The case is under arbitration.

Further, during the year ended March 31, 2014, the Group had received warning letters from U.S. Food and Drug Administration ("U.S. FDA") for its pharmaceutical sterile manufacturing facility located in Spokane, Washington, (USA). The letters were related to process implementation/improvements plans noticed by U.S. FDA. During the year ended March 31, 2016, the Group was informed by the U.S. FDA that the above facility has been upgraded to the status of Voluntary Action Indicated (VAI). The Spokane site's latest Establishment Inspection Report (EIR) indicates the inspections have been successfully concluded.

28. Segment

Jubilant Pharma has, on the basis on an assessment of the level of operating results as regularly reviewed by its chief operating decision maker ('CODM') in order to make decisions about resources to be allocated to the segment and assess its performance, identified pharmaceuticals as the only reportable segment. This reportable segment focuses on generic and specialty pharmaceutical products.

The Components of 'Other activities' includes trading in non-pharmaceutical products through its subsidiary in Belgium (up till September 2013) and China. The operations in China is not considered to be a reportable segment as it did not meet the quantitative thresholds criteria as at and for the year ended March 31, 2016 and the operating performance thereof is not considered significant from the Company perspective as the business in China is proposed to be transferred to Jubilant India.

Enterprise-wide disclosure about product sales, revenue and long lived assets by geographical area and revenue from major customers for the reportable segment being pharmaceutical are presented below:

a. Segment information :

		Pharmaceuticals			Others			Total		
		Year ended March 31,			Year ended March 31,			Year ended March 31,		
		2014	2015	2016	2014	2015	2016	2014	2015	2016
i.	Revenues, net	416,645,598	415,163,828	434,425,696	108,572,298	47,263,038	20,255,232	525,217,896	462,426,866	454,680,928
ii.	Research and development expenses	26,765,343	24,820,058	25,621,148	-	-	-	26,765,343	24,820,058	25,621,148
iii.	Net income	22,591,145	11,039,155	49,077,990	1,690,154	(2,020,851)	(365,521)	24,281,299	9,018,304	48,712,469
	Income tax expense	7,141,514	(5,601,772)	17,533,586	691,137	-	-	7,832,651	(5,601,772)	17,533,586
	Profit/ (loss) before tax	29,732,659	5,437,383	66,611,576	2,381,291	(2,020,851)	(365,521)	32,113,950	3,416,532	66,246,055
	Interest income	65,524	157,453	72,649	57,816	99,368	17,193	123,340	256,821	89,842
	Finance cost *	13,257,110	31,404,976	27,114,466	731,476	450,194	61,668	13,988,586	31,855,170	27,176,134
	Depreciation and amortization	25,554,016	26,061,729	24,128,277	4,096	5,345	5,950	25,558,112	26,067,074	24,134,227
iv.	Earnings before interest, depreciation and tax	68,478,261	62,746,635	117,781,670	3,059,047	(1,664,680)	(315,096)	71,537,308	61,081,955	117,466,574

* Including expense on stock settled debt instrument.

b. Property, plant and equipment by geographical location:

	Pharmaceuticals			Others			Total		
	Year ended March 31,			Year ended March 31,			Year ended March 31,		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
North America	184,097,648	184,547,033	184,562,112	-	-	-	184,097,648	184,547,033	184,562,112
Europe	28,283	11,514	16,405	-	-	-	28,283	11,514	16,405
Asia	85,237,319	81,668,118	76,125,318	13,329	28,872	21,868	85,250,648	81,696,990	76,147,186
Total	**269,363,250**	**266,226,665**	**260,703,835**	**13,329**	**28,872**	**21,868**	**269,376,579**	**266,255,537**	**260,725,703**

c. Goodwill by geographical location:

	Pharmaceuticals			Others		
	Year ended March 31,			Year ended March 31,		
	2014	2015	2016	2014	2015	2016
North America	158,286,462	146,612,549	145,563,338	-	-	-
Europe	12,637,326	9,837,561	10,416,621	-	-	-
Total Goodwill	**170,923,788**	**156,450,110**	**155,979,959**	**-**	**-**	**-**

d. Intangible assets, net (excluding goodwill) by geographical location:

	Pharmaceuticals			Others		
	Year ended March 31,			Year ended March 31,		
	2014	2015	2016	2014	2015	2016
North America	10,944,344	6,623,924	4,108,810	-	-	-
Europe	49,220	-	-	-	-	-
Total Intangible assets, net	**10,993,564**	**6,623,924**	**4,108,810**	**-**	**-**	**-**

e. Segment revenues by geographic area:

	Pharmaceuticals			Others			Total		
	Year ended March 31,			Year ended March 31,			Year ended March 31,		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
North America	304,044,796	306,582,278	318,263,996	-	-	-	304,044,796	306,582,278	318,263,996
Europe	36,293,102	45,561,058	50,795,150	29,040,491	-	-	65,333,593	45,561,058	50,795,150
Asia	44,189,378	28,054,504	23,791,943	74,239,832	47,263,038	20,255,232	118,429,210	75,317,542	44,047,175
Rest of the world	32,118,322	34,965,988	41,574,607	5,291,975	-	-	37,410,297	34,965,988	41,574,607
Total	**416,645,598**	**415,163,828**	**434,425,696**	**108,572,298**	**47,263,038**	**20,255,232**	**525,217,896**	**462,426,866**	**454,680,928**

f. Segment revenues by business:

	Year ended March 31,		
	2014	2015	2016
Generics	227,466,959	219,912,866	208,402,137
Speciality Pharma	189,178,639	195,250,962	226,023,559
Others	108,572,298	47,263,038	20,255,232
Total Revenue	**525,217,896**	**462,426,866**	**454,680,928**

29. Fair value measurement

The following table presents the carrying amounts and estimated fair values of the Group's financial instruments as of March 31, 2014, 2015 and 2016. Fair value is defined as 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. Some of the Group's financial instruments, such as cash and cash equivalents, receivables and payables, are reflected in the balance sheet at carrying value, which approximates fair value due to their short-term nature. The fair value of long-term debt was based upon a discounted cash flow analysis that used the aggregate cash flows from principal and interest payments over the life of the debt and current market interest rates.

	As of March 31, 2014		As of March 31, 2015		As of March 31, 2016	
	Carrying Amount	**Fair value**	**Carrying Amount**	**Fair value**	**Carrying Amount**	**Fair value**
Financial assets						
Cash and cash equivalents	30,264,128	30,264,128	28,334,921	28,334,921	29,363,061	29,363,061
Trade accounts receivable, net	84,409,155	84,409,155	84,969,483	84,969,483	96,353,664	96,353,664
Restricted cash - current portion	36,099	36,099	299,846	299,846	69,821	69,821
Due from related parties	2,806,919	2,806,919	270,774	270,774	593,670	593,670
Investment securities *	2,871,770	2,871,770	2,871,770	2,871,770	2,173,500	2,173,500
Restricted cash - non - current portion	299,705	299,705	18,960	18,960	2,252	2,252
Other financial assets - current	12,002,324	12,002,324	7,310,231	7,310,231	6,433,213	6,433,213
Financial liabilities						
Short term borrowings	16,308,355	16,308,355	29,518,353	29,518,353	45,701,814	45,701,814
Current portion of long term debt	33,267,579	33,267,579	23,127,021	23,127,021	24,815,076	24,815,076
Trade accounts payable	27,087,702	27,087,702	29,475,491	29,475,491	31,419,532	31,419,532
Due to related parties	51,103,725	51,103,725	104,272,529	104,272,529	20,124,972	20,124,972
Other financial liabilities - current portion	21,383,395	21,383,395	22,141,333	22,141,333	21,899,445	21,899,445
Long term debt, excluding current portion	76,892,757	76,934,144	324,713,880	325,710,508	326,684,718	324,777,109
Other financial liabilities - non - current portion	8,320,150	8,320,150	9,685,903	9,685,903	14,955,7379	14,955,739

* Investment securities are carried at cost as fair values are not readily determinable.

The following details of financial instruments where the carrying value and the fair value differ:

Year	Financial Instrument	Carrying Value	Markets for Identical item (Level1)	Significant Other Observable Inputs (Level2)	Significant Unobservable Inputs (Level3)
March 31, 2014	Long term debt, excluding current portion	76,892,757	-	76,934,144	-
March 31, 2015	Long term debt, excluding current portion	324,713,880	-	325,710,508	-
March 31, 2016	Long term debt, excluding current portion	326,684,718	-	324,777,109	-

30. Subsequent events

The Group evaluated all events and transactions that occurred after March 31, 2016 up through September 13, 2016, the date the consolidated financial statements are issued. Based on the evaluation, the Group has determined that it is not aware of any events or transactions that would require recognition or disclosure in these consolidated financial statements.

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