JUBILANT LIFESCIENCES

# Caring... Sharing... Growing...

ANNUAL REPORT 2011-12

# Contents

# Global Presence

## NORTH AMERICA

**Kirkland, Quebec, Canada**
US FDA approved facility for contract manufacturing of Non-sterile products and Radiopharmaceuticals

**Ottawa, Canada**
DDDS Office

**Spokane, Washington, USA**
US FDA approved facility for contract manufacturing of Sterile Injectable and Allergy Therapy Products

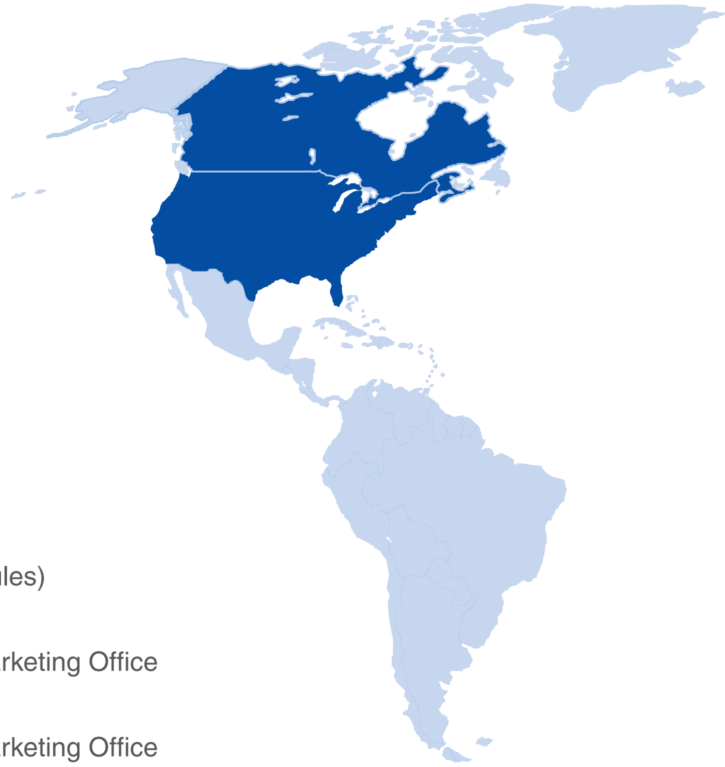
**Horsham, Pennsylvania, USA**
Jubilant Cadista - Sales & Marketing Head Office

**Malvern, Pennsylvania, USA**
DDDS Office

**Salisbury, Maryland, USA**
US FDA approved facility for Generics (Tablets & Capsules)

**Raleigh North Carolina, USA**
Clinical Research Centre and Jubilant Life Sciences Marketing Office

**Bedminster, New Jersey, USA**
Clinical Research Centre and Jubilant Life Sciences Marketing Office



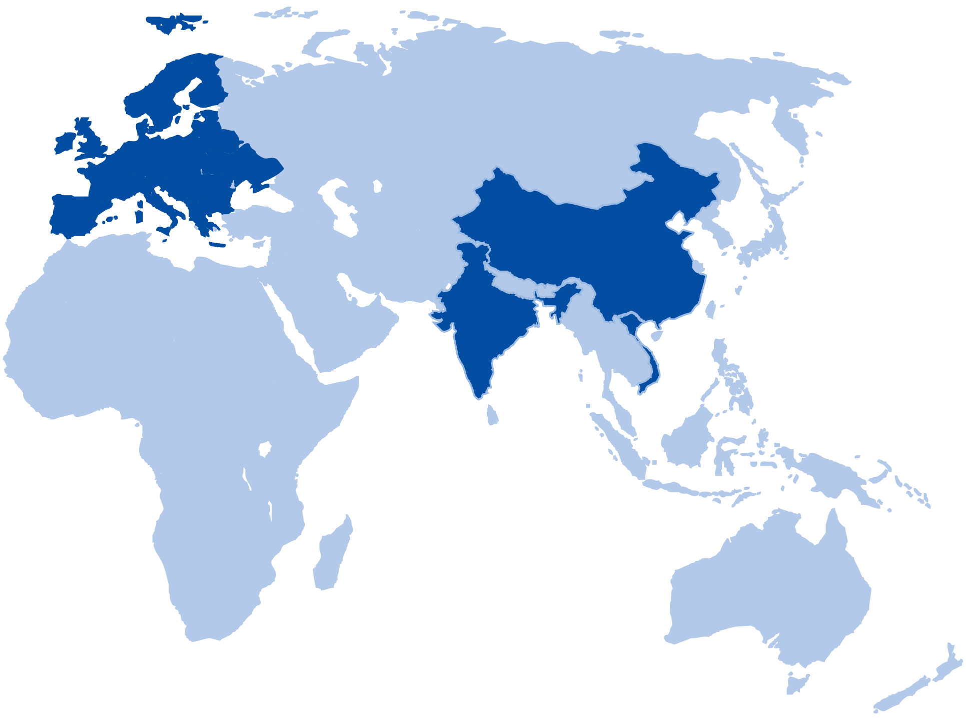
## FACTS & FIGURES

- International sales in more than **75 countries**
- Present in **India, North America, Europe and China**
- **7 Manufacturing facilities** in India and 3 in North America
- **Drug Discovery Centre** in India and **Multiple R&D Centres** in India & Overseas
- **Employs ~ 6300 people** including ~1200 in R&D and ~1500 in North America

## EUROPE

**Merelbeke, Belgium**
Regulatory & Generic Marketing

**Dusseldorf, Germany**
Jubilant Clinsys, Europe Office



## INDIA

**Noida, Uttar Pradesh**
Corporate Office & R&D Centres

**Roorkee, Uttarakhand**
US FDA, UKMHRA, ANIVSA Brazil and PMDA Japan approved facility for Generics

**Gajraula, Uttar Pradesh**
Largest integrated Pyridine & its derivatives facility in the world

**Samlaya, Gujarat**
Animal Nutrition Products

**Bharuch, Gujarat**
SEZ for Vitamins and Life Science derivatives

**Ambarnath, Maharashtra**
Exclusive Synthesis - Pyridine derivatives

**Nira, Maharashtra**
Life Sciences Chemicals

**Bengaluru, Karnataka**
State-of-art Discovery Centre

**Nanjangud, Karnataka**
US FDA, AFSSAPS France and PDMA Japan approved APIs facility

## CHINA

**Shanghai**
Marketing Office

# Awards & Recognition

- **Best CFO - Pharmaceutical and Healthcare, 2011** awarded to R Sankaraiah, Executive Director – Finance, Jubilant Life Sciences in All Asia Executive Team Survey by Institutional Investor
- **ET Now - Golden Peacock National Quality Award 2011** in Pharmaceutical Sector - Gajraula Facility, India
- **FICCI Quality Systems Excellence Award 2011** for Good Practices in Quality Systems - Nanjangud Facility, India
- **National Energy Conservation Awards 2011**, 2$^{nd}$ price in the chemicals sector - Gajraula Facility, India
- **CII National Water Management Award 2011** under the category 'Excellent Water Efficient Unit (Within Fence Category)' - Nanjangud Facility, India
- **The Economic Times - Frost & Sullivan India Manufacturing Excellence Gold Award**, in Process Sector, Medium Business for the Pyridine & Picoline Plant - Gajraula, India
- **Indian Chemical Council Award 2010** for Social Responsibility
- **DHL – CNBC TV 18 International Trade Awards 2010-11** from ICRA
- **Frost & Sullivan - Indian Contract Research Organization of the Year Award 2011**, to Jubilant Biosys Ltd
- **Information Week EDGE Award 2011** (Enterprise Driving Growth & Excellence – through IT) from UBM (United Business Media Group)
- CIO 100 - 2011 **The Creative 100** and **CIO 100 Green Edge Award** from IDG India's CIO magazine
- **International Quality & Productivity Centre Award 2011** for the Best Innovative Continuous Improvement Project - Process Re-engineering implemented in North American subsidiaries
- Amongst the companies with a **Level 4 rating by The Karmayog Corporate Social Responsibility (CSR) Study** on CSR Ratings of India's Largest 500 companies: 2009-10

# Board of Directors

**Shyam S Bhartia**
Chairman & Managing Director

**Hari S Bhartia**
Co-Chairman & Managing Director

**Shyamsundar Bang**
Executive Director
Manufacturing & Supply Chain

**H K Khan**
Director

**Surendra Singh**
Director

**Abhay Havaldar**
Director

**Dr. Naresh Trehan**
Director

**Shardul S Shroff**
Director

**Dr. Inder Mohan Verma**
Director

# Senior Leadership Team

**Shyam S Bhartia**
Chairman & Managing Director

**Hari S Bhartia**
Co-Chairman & Managing Director

**R Sankaraiah**
Executive Director
Finance

**Shyamsundar Bang**
Executive Director
Manufacturing & Supply Chain

**Pramod Yadav**
CEO
Advance Intermediates and Nutritional Products

**Rajesh Srivastava**
CEO
Fine Chemicals and CRAMS

**Neeraj Agrawal**
CEO
Generics

**Marcelo Morales**
CEO
Contract Manufacturing & Services, Jubilant HollisterStier

**Scott Delaney**
CEO
Jubilant Cadista

**Chandan Singh**
President
Acetyls and Ethanol

**Martyn Coombs**
President
Jubilant DraxImage

**Kevin Garrity**
President
Allergy Business

**Dr. Subir Kumar Basak**
President
Jubilant Drug Discovery Services
(Jubilant Biosys & Jubilant Chemsys)

**Nayan Nanavati**
CEO
Jubilant Clinsys

**Dr. Ashutosh Agarwal**
Chief Scientific Officer
Chemicals and
Life Science Ingredients

**Dr. Goutam Muhuri**
President
R&D - Dosage Forms

# Chairmen’s Message

**Dear Shareholders,**

During the year there has been a challenging business environment in India, European Union and the United States. GDP growth in India has slowed down but is still at a very high level of 6.9% which is higher than growth in many other countries. European Union has been facing headwinds and uncertainties are likely to continue. Japan has been recovering from the ill effects of Tsunami and US has been showing signs of growth but the macro environment is still very fragile.

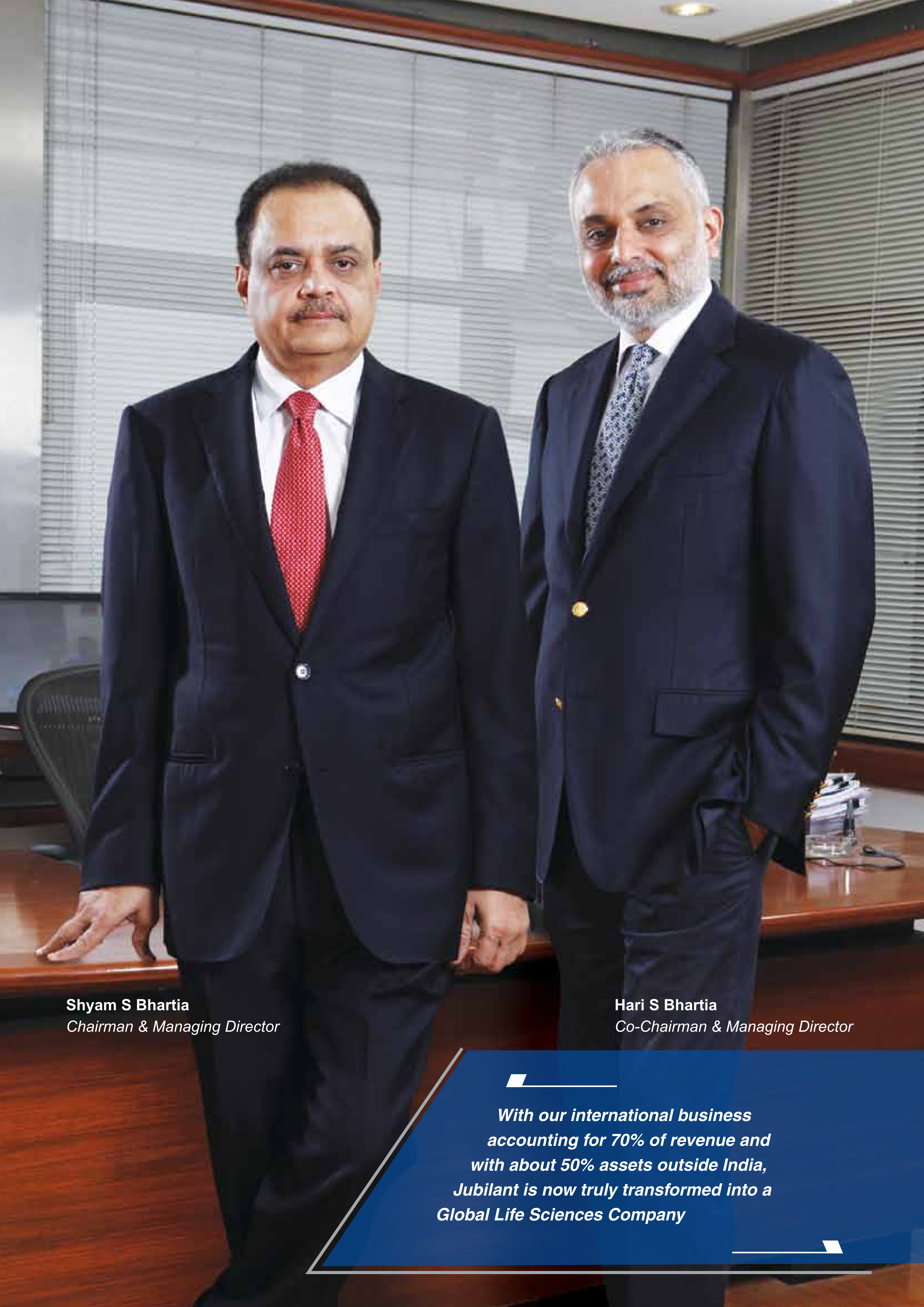
Despite these uncertainties, Financial Year 2011-12 has been a remarkable year at Jubilant Life Sciences. Our performance this year was characterised by strong revenue growth of 24% and earnings growth of 57% demonstrating robust momentum in all business segments. Our enhanced focus on revenue growth from international business brought in 37% growth in regulated market operations. With our international business accounting for 70% of revenue and with about 50% assets outside India, Jubilant is now truly transformed into a Global Life Sciences Company. Our strategy of continuously moving up the value chain of Life Sciences Ingredients and Pharmaceutical businesses with wider geographic reach and on-going investments in R&D for new product launches has yielded excellent results.

In FY 2012 we reported Income from Operations of ₹ 42,782 million with Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) at an all-time high of ₹ 8,930 million. This led to enhanced margins of 20.9% compared to 16.5% last year, testimony to the success of our initiatives to rationalise costs and improve operational efficiencies. Profit before exceptional items, tax and minority interest was ₹ 4,628 million, recording Year on Year (YoY) growth of 64%. The Company reported Profit after Tax (PAT) of ₹ 146 million in FY 2012. However, Normalised PAT was ₹ 3,632 million for FY 2012 after adjusting for exceptional items of ₹ 3,487 million primarily on account of impairment of goodwill in US clinical research business and unrealised foreign exchange losses.

Business evolution has enabled the need for reclassification of verticals into Pharmaceuticals and Life Science Ingredients in order to clearly identify and understand the operating matrix. We believe that this structure is more reflective of our focus going forward and is integral to our strategy for years to come.

Our Pharmaceuticals vertical comprises of revenue lines of Active Pharmaceutical Ingredients (APIs), Generics, Specialty Pharmaceuticals (Radiopharmaceuticals and Allergy Therapy Products), Contract Manufacturing Outsourcing (CMO), Drug Discovery & Development Solutions (DDDS) and Healthcare. In FY 2012, 51% of our income and over 60% of operating profits were derived from pharmaceutical vertical. The income from operations from this vertical recorded YoY growth of 41%, at ₹ 21,753 million, driven by new product launches, better pricing and demand for our niche products as well as geographic outreach program.

With over 3 decades of experience in chemistry, Jubilant is today an established name in the Life Science Ingredients space. We are well-positioned as a cost effective high quality manufacturer of life science products with global leadership positions. Life Science Ingredients vertical comprises of Proprietary Products and Exclusive Synthesis, Nutrition Ingredients and Life Science Chemicals. In FY 2012, income from operations at ₹ 21,029 million recorded an increase of 11% YoY, contributing 49% to the FY 2012 revenue mix.



**Shyam S Bhartia**
*Chairman & Managing Director*

**Hari S Bhartia**
*Co-Chairman & Managing Director*

***With our international business accounting for 70% of revenue and with about 50% assets outside India, Jubilant is now truly transformed into a Global Life Sciences Company***

We have taken significant initiatives to enhance growth in this vertical with commissioning of new capacities in all the three businesses, thereby enhancing our market share in key products.

## Major Achievements during the Year

*Healthy Order Inflows* – The year was marked with many multi-million dollar long-term contracts that we won across Pharmaceuticals and Life Science Ingredients verticals, few of which are shared below:

- We entered into a 'take or pay' multi-year contract worth over US$ 70 million with a leading US pharmaceutical company to manufacture an Over the Counter (OTC) women health and personal care product from our Montreal facility in North America
- We also signed long term CMO contracts for over US$ 90 million with 4 innovator companies, to cater to demand in the US and European regions
- Another three-year supply agreement valued at US$ 80-100 million in Proprietary Products business was signed with a leading international life sciences company

*R&D, Discovery & Collaborations* – We are always on the lookout to collaborate with the world's leading pharmaceutical players, biotech companies and research foundations. The year saw many such initiatives which we believe will aid in development of drugs for global healthcare and create value for our shareholders for years to come.

***The year was marked with many multi-million dollar long-term contracts that we won across Pharmaceuticals and Life Science Ingredients verticals***

- Jubilant Biosys Limited, a subsidiary of Jubilant Life Sciences Limited, entered into a discovery partnership with Norgine, a leading European specialty pharmaceutical company, spanning an initial period of 3 years to develop multiple targets utilising the integrated drug discovery platform targeting Gastrointestinal diseases
- We also entered into an alliance with Janssen Pharmaceutica N.V, aiming to deliver preclinical candidates in the area of neuroscience for an initial period of 3 years
- Of the several collaborative discovery programs, one with Endo Pharmaceuticals achieved a late stage discovery milestone in the therapeutic segment of Oncology while one with AstraZeneca successfully delivered an early stage milestone in the Pain therapy

*Product Filings and Approvals* – Innovation and excellent execution, along with flexible business model has enabled us to consistently deliver valuable outcomes in a relatively short period of time. We are engaging in initiatives that present clear value to our customers.

- We received 3 Abbreviated New Drug Application (ANDAs) approvals for Pantoprazole Sodium Delayed Release Tablets, Donepezil Hydrochloride

*Manufacturer of cost effective high quality life science products*

Tablets and Risperidone OD Tablets from the USFDA, APIs for all of which are sourced in-house

- We received 13 Dossier approvals in Europe including Citalopram, Levetiracetam, Levofloxacin, Olanzapine, Oxcarbazepine, Pantoprazole GR, Quetiapine, Repaglinide, Risedronate, Ropinirole, Sildenafil, Valsartan and Zopiclone, of which nine are in the focus Therapeutic Areas of Central Nervous System (CNS) and Cardiovascular System (CVS) and eight are based on in-house APIs

- We filed 13 ANDAs in the US, 9 in Canada and 9 Dossiers in Europe along with 245 filings in Rest of World (ROW). With respect to Drug Master Files (DMFs), we filed 7 US DMFs, 10 Certificate of Suitability to the monographs of the European Pharmacopeia (CEPs) and 2 in Canada, besides 17 in ROW, primarily in CNS and CVS therapies

- Increased product filings in APIs and Generics business, not just in the regulated markets but also in ROW strengthen product pipeline. Cumulative filings at the end of March 31, 2012 constitute 48 ANDAs in US, 35 Dossiers in EU, 9 in Canada and 264 in ROW in the Generics business along with 58 US DMFs, 29 CEPs in Europe, 29 in Canada, 6 in Japan and 65 in ROW in the API space. This shall enable future growth of the Company from these segments

*Capacity Additions* – With the increased demand that we are seeing in the market, considerable resources were spent on scaling up our operations in terms of human and financial capital. We expanded our manufacturing facilities and increased capacities across Ingredients business vertical during the year.

- We successfully commissioned the Nutrition Ingredient manufacturing facility at Special Economic Zone (SEZ) in Bharuch, Gujarat with commercial production of 10,000 Tonnes per Annum (TPA) Niacinamide and 3-Cyanopyridine, an intermediate for the same

*Aiding in development of drugs for global healthcare*

- Our Bharuch, Gujarat facility in the same SEZ will also house international standard capacities for Symtet (2,3,5,6-Tetra Chloro Pyridine) to cater to global requirements of a green route based environment friendly ingredient for Chlorpyrifos, an insecticide, commercial production for which shall commence in FY 2013

- During the year, we added capacities for Pyridines and Beta Picoline, Agro-actives, Fine Chemicals and Life Science Chemicals across multiple locations in India in order to further strengthen our global leadership positions while catering to the growing internal demand for value added products

*Financial Initiatives* – We promptly repaid the only outstanding Foreign Currency Convertible Bond (FCCB) in FY 2012, amounting to US$ 202 million,

***Increased product filings in regulated markets and ROW strengthen our product pipeline***

including Yield to Maturity (YTM) of US$ 60 million, in extremely tight liquid market conditions.

## Dividend

For the year FY 2012, based on strong operational performance of the Company, we are happy to share that the Board has proposed to increase the dividend from 200% in FY 2011 to 300% per equity share of Face Value ₹ 1 each. If approved, this will result in the final cash outgo of ₹ 555 million including dividend tax.

## Our Business Strategy

Our business strategy consists of four key pillars of growth namely Integrated Operations, Global Outreach, Innovation and Sustainability.

Integrated operations enable moving up the value chain into higher value added products and services through vertical integration of various business lines. Over last few years we have demonstrated our competitive advantage by vertically integrating Advance Intermediates to Nutrition and Crop Science Ingredients, APIs to Generic Dosage Formulations and Collaborative Drug Discovery. Inter divisional transfers accounted for 11% of our FY 2012 revenues, up from 6% in FY 2011 growing at 118% in the period.

The key strategy of our geographical outreach is to increase penetration of our existing and new products with special emphasis on regulated markets and entry into new regions especially in emerging economies.

*Introduced new products in the market*

***Our business strategy consists of four key pillars of growth namely Integrated Operations, Global Outreach, Innovation and Sustainability***

Through innovation, we have introduced new products in the market and continuously improved our processes and multiple technologies resulting in increased revenues and improved margins. Revenue contribution from new products introduced in last 5 years is expected to move up from 8% of sales to over 25% in next 3 years.

In order to create long term sustainability, we follow triple bottom line approach of Economic, Environment and Social Performance. Our company has been receiving highest possible rating, A+ by Global Reporting Initiative (GRI) for last 6 years consecutively. We have continuous programs for sustainable reduction in energy usage and Greenhouse Gases (GHG) emissions with focus on revenue enhancement from Green products.

## Outlook for FY 2013

Jubilant Life Sciences is poised to continue to build on the growth momentum for revenue and margins in coming times. We are on a strong trajectory to achieve a compounded annual revenue growth of over 20% for next 3 years yielding into an even higher growth in operating profits due to operating leverage and efficiencies. The EBITDA levels should improve as we continue to make conscious efforts to improve cost competitiveness through increased vertical integration. Sustained operational performance would strengthen our balance sheet and bring our Debt to Equity ratio to a comfortable level below 1 and Debt to EBITDA multiple below 2.5 times.

In FY 2013, we expect to achieve 20-22% revenue growth with EBITDA margins sustainable at current levels. Key focus area for FY 2013 is harvesting the investments already made over the last few years in our business lines. The Company would aspire to continue on its growth momentum with a focus to generate maximum operating and free cash flows in order to bring down the net debt levels of the consolidated entity.

We take this opportunity to express heartfelt gratitude to all our stakeholders including customers, partners, vendors, suppliers, independent directors, bankers and shareholders for reposing faith in Jubilant Life Sciences. We also take this moment to commend our employees in India and around the world for excellently executing our plans and strategy.

Our success has been possible due to our unwavering commitment to Jubilant Values of inspiring confidence in our people, stretching ourselves in all aspects of operations, nurturing innovation and excelling in the quality of our processes, products and services. We continue to believe in collaborative approach and seek to reassure that Jubilant will strive for leadership in its chosen markets based on its own capabilities, understanding of the market dynamics and the relationships that we have built over a period of time.

***Our success has been possible due to our unwavering commitment to Jubilant Values of inspiring confidence in our people, stretching ourselves in all aspects of operations, nurturing innovation and excelling in the quality of our processes, products and services***

Best Wishes and Regards,

Shyam S. Bhartia

**Shyam S Bhartia**
*Chairman & Managing Director*

Hari S. Bhartia

**Hari S Bhartia**
*Co-Chairman & Managing Director*

# Management Discussion & Analysis

## INDUSTRY SCENARIO – PHARMACEUTICALS & LIFE SCIENCES

The demand for pharmaceutical products is seeing an uptrend and is expected to continue growth in line with longer life expectancy and higher prevalence of infectious and chronic diseases. Healthcare is acknowledged as an integral part of every government's official manifesto, across developed world as well as the emerging markets. The clear stated objective of these manifestos is to deliver lower cost healthcare services with improved access for all sections of society.

According to a study by IMS Healthcare, the total spending on medicines will cross US$ 1 trillion by the year 2015. This is likely to be driven by growing share of emerging nations, which are expected to account for ~28% of this spending and greater allocation for generic medicines, where the contribution to these spends is expected to stand at ~39%.

Branded formulations could see a dip in line with patent expiries of major drugs in the next few years, resulting in about US$ 120 billion savings over the next 5 years in the developed markets alone. This signals substantial value depletion of existing portfolios of major pharmaceutical companies even though some of them will have generic versions of the products going off patent. Innovators typically earmark around 20% of their sales to R&D activities in order to maintain a portfolio of patented products. Outsourcing provides a way to optimise these spends. The evolving dynamics of the healthcare industry favour outsourcing and companies like Jubilant Life Sciences stand to be a major beneficiary.

Meanwhile, the requirement for agrochemicals in the coming years is expected to be governed by the demand for food grains which will be in turn driven by a growing global population, paucity of arable land for cultivation of food grains, declining productivity of existing fields and novel applications for agrochemicals such as production of bio-fuels. It has been estimated that the global agrochemical market will increase in size from US$ 134 billion in 2010 to US$ 223 billion in 2015. Thus the crop science market is expected to continue on growth path as farmers rely more and more on crop protection and crop nutrition products. As a result, the demand for life science products is expected to generate sustainable growth for Jubilant.

Indian companies are today regarded as collaborators demonstrating capabilities that match global expectations. We have been recognised as the 6th largest contract manufacturing and services outsourcing player in the pharmaceutical industry by United Nations Conference on Trade and Development (UNCTAD) in its World Investment Report 2011.

Jubilant Life Sciences today offers a substantial footprint in life science & pharmaceutical products and services through its presence across the value chain. Its integrated operating set-up makes it feasible to deliver advantages of scale and quality required by its global clients in the chosen verticals. While the opportunity in outsourcing is large, the requirements from products and service solutions providers in this sector are often stringent. Jubilant enjoys a sterling reputation as a 'Partner of Choice' to almost all top players within these industries.

## JUBILANT LIFE SCIENCES - GROWTH ACROSS THE VALUE CHAIN

Our strategy of continuously moving up the value chain into life sciences and pharmaceutical business with expanded geographic reach and ongoing investments in R&D has yielded excellent results. We enjoy long standing relationships with all the top 20 pharmaceutical and 7 of the top 10 agrochemical companies of the world. Over the years the company has consolidated its position and has truly transformed itself into global life sciences player.

Business evolution has enabled the need for reclassification of verticals into Pharmaceuticals and Life Science Ingredients (LSI) for clarity and better understanding of the operating matrix. The Pharmaceuticals business comprises of Active Pharmaceutical Ingredients (APIs), Generics and Specialty Pharmaceuticals (Radiopharmaceuticals and Allergy Therapy Products) and Contract Manufacturing Outsourcing (CMO), Drug Discovery and Development Solutions (DDDS) and Healthcare services. The Life Science Ingredients vertical constitutes Proprietary Products and Exclusive Synthesis (PPES), Nutrition Ingredients and Life Science Chemicals (LSC) businesses.

The Pharmaceuticals vertical today contributes 51% of our revenues and balance comes from Life Science Ingredients space. Our corporate strategy for growth is based on four key pillars outlined below while influencing human lives through our multiple products and services.

## Jubilant Life Sciences


## OUR BUSINESS STRATEGY

We have spelled out four key pillars of growth that are integral to the way we do business viz. Integrated Operations, Global Outreach, Innovation and Sustainability.

### Integrated Operations

The key strategy to maintain our competitive edge and to create long term sustainability is vertically integrated operations to bring in higher value added products. We have been successful in achieving this through innovative process and usage of new in-house technology which has been built by our R&D team.

During FY 2012, we set up global scale plants of Vitamin B3 and 3-Cyanopyridine, at Special Economic Zone (SEZ) making us the largest producer of Vitamin B3 in India and second largest globally. We are also setting up a manufacturing plant at SEZ for Symtet, a crop science ingredient for one of the world's largest and safest low cost insecticide through an environment friendly process. This will make Jubilant the world's largest producer of the crop science ingredient for the insecticide through green route. Both the facilities are fully integrated and would consume expanded capacity of in-house Pyridine and Beta Picoline. Our APIs division sources some of its Advanced Intermediates and Fine Chemicals from the LSI vertical and is also integrated with our Generics business with more and more of our Solid Dosage Formulations being filed based on in-house APIs.

The effect of integration on the Company's performance can be measured by tracking the proportion of sales accruing through interdivisional transfers. On this count, we demonstrably realised higher benefits from integration with percentage to income of interdivisional transfers improving from 6% in FY 2011 to 11% in FY 2012 with YoY growth of 118%. These would invariably help us to achieve faster growth while maintaining global cost-competitive advantage.

### Global Outreach

The key strategy of our geographical outreach is to increase penetration of our existing and new products with special emphasis on regulated markets and entry into new regions especially in emerging economies.

We continue to derive higher income from international sales, reaching out to almost 75 countries in the world, with marketing offices in the US, Europe and China. We continue to focus on regulated markets such as the US, Canada, Europe and Japan through deeper penetration. With presence across regulated as well as Emerging Markets across the world, we are best positioned to take advantage of opportunities arising from the market place.

We now derive 70% of our income from international sales. Regulated markets together contribute 58% of sales while balance 12% is from China and other Emerging Markets. Domestic sales accounted for 30% of our FY 2012 income. The share of international business increased by 143 bps (basis points) and is expected to continue to enhance in line with introduction of new products aimed at international markets and on account of expansion into new territories globally. Broadly over the next two to three year period, we are comfortably placed to grow our international sales with the improvement being led by Europe, Japan and Emerging Markets through Generics and APIs in the Pharmaceuticals business, supported by the Life Science Chemicals. However, Emerging Markets are expected to show growth largely on account of our Generics and Life Science Ingredients business.

## Innovation

Through innovation, we have introduced new products in the market and continuously improved our processes and multiple technologies resulting in increased revenues and improved margins.

Our business model is underpinned by innovation, with over 45 new products launched in the last 3 years and about 60 slated for launch in the next 3 years. During the year, we have commissioned 2 new products, Niacinamide and Symtet, for which we developed processes in-house. Further, our Innovation team is engaged in developing 3 new products through innovative processes.

Total sales revenue derived from innovative products which we introduced in last 5 years is 8% of total revenues. During the next 3 years we expect a substantial growth in innovative product sales which are introduced in last 5 years resulting in better margins through competitive advantage.

Increased product filings in APIs and Generics business across Regulated and Emerging Markets strengthen our product pipeline. We have 48 ANDAs, 35 Dossiers, 9 filings in Canada and 264 filings in ROW in the Generics business along with 58 US DMFs, 29 CEPs in Europe, 29 filings in Canada, 6 filings in Japan and 65 filings in Rest of World (ROW) in the API space. This shall enable future growth of the Company.

We have been continuously developing ingredients for pharmaceutical and agrochemical industry by using environment friendly processes and technology. The main thrust of the development has been to maximise the use of our internal raw materials and provide increased benefit to consumers through cost and quality advantage.

Innovation led continuous improvement in our existing products and processes has resulted in increase in yield and process time reduction resulting in increased competitiveness in the market place.

Our integrated Drug Discovery and Development programs in specified therapeutic areas have global partnerships with the objective of identifying and delivering affordable innovative healthcare solutions to the global pharmaceutical industry and patients worldwide. The revenue model is a combination of research fees, discovery milestones, development milestones and royalty payments on launch of products. Jubilant Biosys and Jubilant Chemsys are currently engaged with large and mid size pharmaceutical companies in many collaborative integrated programs in therapeutic areas of Oncology, Metabolic Disorder, CNS and Pain & Inflammation.

Our objective is also to develop new chemical entities for focused therapeutic areas for healthy life. We are currently engaged in developing 2 new sublingual products in the Allergy Therapy business unit. One of the Oncology products, J101 is already in early Phase II trials. In the area of Radiopharmaceutical products, we have developed a product for indication in Neuroendocrine Tumours. The product is currently under trials in the US and Canada.

## Sustainability

We strongly believe in long term sustainable growth through reduction in energy usage and Greenhouse Gases(GHG) emissions with focus on introduction of Green Products.

Since inception in 1978, we have consistently focused on eco-efficiency and have been producing Green Products using eco-friendly Ethanol extracted from Cane-molasses. We define Green Products as those produced in ecologically beneficial way with lower carbon footprints as compared to alternative ways of production. This is mainly through use of eco-friendly raw materials, potential re-use of wastes, use of bio-energy and cogeneration etc. Sale of Green Products in FY 2012 constituted 37% of total revenues and is likely to continue to grow in the next 3 years.This enables us to make ours as well as our partner's supply chain greener.

We have been consistently working towards improving energy efficiency through six sigma and lean management approach. During the year, we carried out about 20 programs for energy improvement resulting in substantial economic savings to the Company. We are also engaged in the assessment of carbon footprint. This enables us to obtain a quantitative view of the cause-effect relationship between an organisation or process and its GHG emissions and further helps to identify opportunities for its reduction. As a sustainability initiative, we continue our focus and commitment towards reporting our GHG emissions and identifying reduction opportunities through newer technologies and process improvisation.

There is worldwide recognition and accountability of our initiatives in this area. Since 2007, Global Reporting Initiative (GRI) has consecutively assigned highest possible rating, A+ for our Corporate Sustainability Report. As per Carbon Disclosure Project 2010, we were ranked second in India 200 Report.

## Financials

### Consolidated Income Statement (₹ million)

| | FY 2011 | FY 2012 | % Growth |
|---|---|---|---|
| **Income from Operations** | **34,456** | **42,782** | **24%** |
| Other Income | 105 | 445 | |
| Total Expenditure | 28,882 | 34,297 | 19% |
| **Total Income** | **34,561** | **43,227** | **25%** |
| Material Cost | 13,400 | 16,275 | |
| Power and Fuel Cost | 2,240 | 2,692 | |
| Employee Cost | 7,185 | 8,364 | |
| Other Expenditure | 6,057 | 6,967 | |
| **Earnings Before Interest, Taxes, Depreciation and Amortisation** | **5,679** | **8,930** | **57%** |
| Depreciation | 1,801 | 2,207 | |
| Interest (Net) | 1,058 | 2,096 | |
| **Profit Before Tax and Exceptional Items** | **2,820** | **4,628** | **64%** |
| Exceptional Items | 414 | 3,487 | |
| Tax Expenses | 134 | 684 | |
| Minority Interest | -25 | 311 | |
| **Profit After Tax** | **2,297** | **146** | |
| **Normalised Net Profit After Tax** | **2,711** | **3,633** | **34%** |

### Revenue

The Income from Operations saw robust growth of 24% to ₹ 42,782 million in FY 2012 as against ₹ 34,456 million in the previous year. The rise in revenues was driven by higher contribution from the international arena, especially regulated markets where we witnessed 37% growth. In FY 2012, percentage revenue contribution from North America, Europe & Japan and China stood at 39%, 19% & 7% respectively. Emerging Markets contributed 5% to the overall revenues in the year with balance 30% from domestic sales.

### Total Expenditure

Major expense heads for the Company include material costs as well as staff costs.

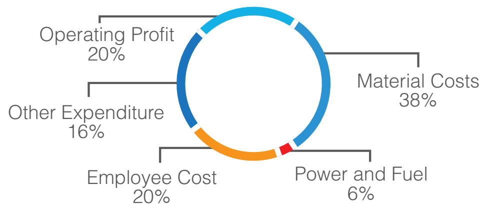
Although material costs have increased 21% in absolute terms, as a proportion to sales they have seen a decline in line with higher value addition in the integrated LSI and Generics Business, higher margin product mix in Generics and CMO as well as improved operational efficiency in the Company.

There has been an increase in prices of coal and fuel in the country leading to 20% increase in our power and fuel costs especially for a products oriented organisation like Jubilant, which is driven by strong manufacturing and logistical capabilities.

Enhancements to staff costs by 16% have accrued in line with additional manufacturing capacities where new hiring has taken place and due to the annual increments in line with general inflationary conditions prevalent in the economies.

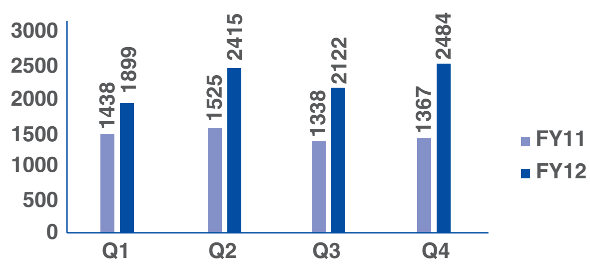
The 15% growth in other expenses was mainly driven by the increased business development activity though with higher capacity utilisation and increased level of operations, operating leverage would come into play in favour of the Company fundamentals.

**Expenses as a Percentage of Sales - FY 2012**




### Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)

In FY 2012, we recorded highest ever EBITDA of ₹ 8,930 million, an expansion of 57% from ₹ 5,679 million in FY 2011. The EBITDA margin was at 20.9%, a growth of 439 bps as compared to FY 2011. After removing one time other income of ₹ 249 million, Operating Profit stood at ₹ 8,681 million with margins at 20.3% compared to 16.5% in FY 2011. Company reported growth in EBITDA on year on year basis, in each of the quarters, exemplifying the progress from focussed strategic initiatives taken in the business lines.




*EBITDA (₹ million) – Q4 FY 2012 EBITDA includes one-time other income of ₹ 249 million on account of loan waiver by customer*

While Pharmaceutical vertical contributed over 60% of EBITDA with 26.7% margins, LSI margins stood at 16.8% for FY 2012. Generics commanded better margins especially due to leadership position in niche products. CMO and DDDS also witnessed multi-fold increase in margins as envisaged at beginning of FY 2012. This was the outcome of certain strategic initiatives that were undertaken and due to better capacity utilisation attained in the operation. Competitive pricing to maintain/enhance market share and higher input material cost lowered LSI margins in FY 2012. However we expect improvement in FY 2013 due to cost rationalisation and operating leverage from higher capacity utilisations.

### Profit After Tax

We saw increased depreciation on account of additional capacities commissioned at various points in time in FY 2012, along with higher interest burden on increased debt position of the Company, after the repayment of zero coupon Foreign Currency Convertible Bonds (FCCBs). Profit before exceptional items, tax and minority interest was at ₹ 4,628 million, recording Year on Year (YoY) growth of 64%.

We had exceptional items of ₹ 3,487 million led by impairment of assets in US Clinical Trials business as well as unrealised marked to market losses on account of rupee depreciation which further impacted reported profits.

Our US subsidiary, Clinsys USA engaged in clinical research business has reported loss for past few years due to market dynamics. In order to turn the business around, we have taken various measures including business development, operational efficiencies, cost reduction etc. However Contract Research Outsourcing (CRO) consolidation in the US and Europe and consequent depletion in size of new business as well as delayed financing arrangements across the venture world, resulted in sharp decline in backlog, cancellation of existing studies and delays in commencement of new awards, impacting the turnaround plans during the year. Pursuant to such adverse developments, we tested carrying value of the goodwill and other assets at Jubilant Clinsys for impairment. On the basis of such testing, a provision for impairment of carrying value of goodwill, amounting to ₹ 1,506 million, has been made in the books in FY 2012. A provision for diminution in value of strategic investments, which were considered to be other than temporary, amounting to ₹ 166 million, was also made. Unrealised Mark to Market book loss ₹ 1,212 million on account of currency movement of USD, from base of ₹ 45 to ₹ 50.88, with respect to Rupee Loan of ₹ 9,100 million swapped into USD Loan of US$ 202 million at the time of FCCB repayment in May 2011 was provided for. Foreign Currency Monetary Item Translation Difference Account (FCMITDA) Amortisation of ₹ 405 million on account of unrealised exchange loss amortised on Long Term Foreign Currency Loan of US$ 218 million over the period of tenure of the loan as per Clause 46A of AS 11 was made. Exceptional items also included the write-off with respect to discontinuation of few products under development in Generics business, amounting to ₹ 197 million.

Net profit for FY 2012 stood at ₹ 146 million as against ₹ 2,297 million last year. However Normalised Net Profit After Tax grew to ₹ 3,633 million, a 34% jump as compared to ₹ 2,711 million last year with normalised Earnings Per Share (EPS) at ₹ 22.83.

## BUSINESS SEGMENTS

| Business wise Revenue | FY 2011 | FY 2012 | Revenue Mix (%) | YoY Growth (%) |
|---|---|---|---|---|
| | ₹ million | | | |
| **Pharmaceuticals** | **15,458** | **21,753** | **51%** | **41%** |
| Active Pharmaceutical Ingredients (APIs) | 3,378 | 4,485 | 10% | 33% |
| Generics | 2,058 | 5,366 | 13% | 161% |
| Specialty Pharmaceuticals | 2,495 | 3,111 | 7% | 25% |
| Contract Manufacturing Outsourcing (CMO) | 5,301 | 6,211 | 15% | 17% |
| Drug Discovery and Development Solutions (DDDS) | 2,107 | 2,440 | 6% | 16% |
| Healthcare | 119 | 140 | 0% | 17% |
| **Life Science Ingredients** | **18,999** | **21,029** | **49%** | **11%** |
| Proprietary Products and Exclusive Synthesis | 9,543 | 9,322 | 22% | -2% |
| Nutritional Ingredients | 1,916 | 2,108 | 5% | 10% |
| Life Science Chemicals (LSC) | 7,540 | 9,599 | 22% | 27% |
| **Income from Operations** | **34,457** | **42,782** | **100%** | **24%** |

*Business Segment Wise Consolidated Income of Jubilant Life Sciences*

# Pharmaceuticals

# BUSINESS VERTICALS ANALYSIS

## I. PHARMACEUTICALS

The Pharmaceuticals business comprises revenue lines of APIs, Generics, Specialty Pharmaceuticals, CMO, DDDS and Healthcare. In FY 2012, this vertical recorded Income from operations of ₹ 21,753 million, a growth of 41% YoY, contributing 51% to the revenue mix. EBITDA stood at ₹ 5,801 million, up from ₹ 1,674 million in previous year reporting growth of 246% year on year. EBITDA margins stood at 26.7% in FY 2012, up from 11% in the previous year.

### *a. Active Pharmaceuticals Ingredients (APIs)*

#### Business USP

Our APIs business boasts of a market-leading portfolio of existing bulk drugs that is complemented by a strong pipeline of planned launches. These products are manufactured using non-infringing processes and are aimed at sales post patent expiry in respective markets. This business leverages our strong research & manufacturing capabilities and is geared for association with global peers.

#### Business Overview

APIs represent the most crucial component of a drug. Commonly known as bulk actives or bulk drugs they are mixed with other components to produce tablets, capsules or liquids. We partner with manufacturers of generic drugs such that our APIs become part of their formulation. We have a clear focus on production of APIs for Cardiovascular System (CVS) and Central Nervous System (CNS) therapeutic areas besides few Anti-infective and Anti-ulcerants.

*Focusing on CVS & CNS therapeutic areas*

***APIs delivered growth of 33% driven by higher sales of existing products and 4 new product launches***

#### Product Development & Filings

We enjoy leadership positions in Carbamezepine, Citalopram, Donepezil, Irbesartan, Lamotrigine, Meclizine, Oxcarbazepine and Valsartan with 24 commercialised products across the globe. We also figure among top 3 in Azithromycin, Olanzapine and Risperidone. US, Europe and Emerging Markets are our key markets for this business. During the year, we filed 7 US Drug Master Files (DMFs), 10 CEPs, 2 filings in Canada amongst our focused regulated markets. Our cumulative filings so far stand at 58 DMFs in the US, 29 filings in Canada, 29 CEPs in Europe and 6 filings in Japan, besides over 65 filings in Rest of World (ROW). Our Nanjangud, India facility for APIs received ANVISA (Brazil) approval during the year. The same facility is already FDA (US), AFFSAPPS (France) and PMDA (Japan) approved. Hence it has potential to tap markets across the globe based on product opportunities.

#### Performance Overview

Revenues in FY 2012 came in at ₹ 4,485 million compared to ₹ 3,378 million in same period last year. APIs delivered growth of 33% with the help of higher sales of existing products and additional sales from 4 new product launches. The API segment continues to show encouraging signs of growth in its chosen therapeutic areas. We are optimistic in the prospects of Sartans and are seeing good momentum in Irbesartan in Europe and Canada and Valsartan in Europe.

#### Growth Outlook

The overall market for APIs has been valued at US$ 101 billion in 2010, which is expected to grow at 7.9% Compounded Annual Growth Rate (CAGR) from 2011 to 2016. The demand for APIs will continue to thrive in line with the broader shift from patented to generic products. We are looking to garner significant market share in selected products by leveraging our in-house capabilities in Generics. Further, focus would be on scaling up and commercialising new molecules through effective product development and DMF filings portfolio. Moreover efforts are on to improve the contribution from the 23 launches in multiple geographies in the past year along with garnering growth from about 35 new launches planned in the next 3 years. The Company would continue strengthening its position in the regulated markets of Europe, Japan and North America from where it currently garners over 50% sales while exploring new opportunities in Emerging Markets.

In our pursuit to improve efficiencies, we are investing in optimising and debottlenecking our facilities to increase throughput. Having commissioned the Sartans facility in FY 2011, our primary objective is to achieve a higher capacity utilisation from the plant which has a revenue potential of US$ 60 million at full capacity.

We offer regulated pharmaceutical products

### *b. Generics*

#### Business USP

An integrated operation with key competencies in the production of APIs is the hallmark of this business. We offer support activities such as development, formulation, regulatory affairs in addition to core strength in the form of manufacturing. We have a manufacturing presence in US that helps us meet the requirements of the local regulated market to garner better margins. Our Roorkee, India facility got approved by major regulatory bodies across the world including FDA (US), MHRA (UK), ANVISA (Brazil) and PMDA (Japan), there by opening opportunities to tap many more geographies from low cost and high quality location.

#### Business Overview

We are focussing on primarily CVS, CNS, Anti-allergic and Steroids categories. We undertake manufacture and sale of Solid Dosage Formulations on our own and through our subsidiaries Jubilant Pharmaceuticals and Jubilant Cadista. Our innovative range of Proprietary Products includes value-added formulations and special formulations, taste masking, flash tablets, oral dispersible forms, chewable tablets and modified release forms.

We derive substantial business from the US market where products are also supplied under the Veterans Health Administration initiative. We enjoy leadership in the US for Terazosin and Methylprednisolone and figure among the top 3 in Cyclobenzaprine, Hydrochlorothiazide capsule, Lamotrigine and Meclizine and among the top 5 in Donepezil and Prochlorperazine. Our key strengths in Europe also include regulatory affairs services, formulation development, licensing of marketing authorisations in addition to supplies of Solid Dosage Forms to makers of generic products.

#### Product Development & Filings

We have 27 commercialised products across US, Europe and Japan. During the year, we filed 13 ANDAs in the US and 9 each in Canada and Europe along with 245 in ROW. Till end of FY 2012, we have 48 cumulative ANDAs in the US of which 19 are approved whereas there are 35 cumulative Dossier filings in Europe out of which 31 are approved. The filings in Canada stand at 9. Filings in the ROW stand at over 260, out of which 38 have been approved.

Our development centre in Noida, which focuses on bringing out drugs through the non-infringing process route is the fountain of our commitment to innovation. On-going work involves value-added generics like oral disintegration and chewable tablets.

#### Performance Overview

Revenues for FY 2012 stood at ₹ 5,366 million, up 161% from ₹ 2,058 million in the previous year aided by favourable pricing environment and niche positioning of key products. The FDA (US) approved our ANDA for Risperidone ODT tablets for the application in CVS therapeutic area this year. We also received

> ***Growth in performance is expected to accrue from robust product pipeline of 48 ANDAs and 35 Dossier filings in regulated markets of US and Europe***

ANDA approval for Donepezil, indicated for CNS and Pantoprazole Sodium Delayed Release Tablets 20 mg & 40 mg indicated for Gastrointestinal (GI) application, both products are to be supplied from the Roorkee facility. All three products are based on in-house APIs and would be valuable in our vertical integrated operations. We also received 13 Dossier approvals, paving the way for faster growth in the European geography.

**Growth Outlook**

Besides demonstrating growth in the existing US operation through new launches and higher sales of existing products, this business aims to leverage the Roorkee facility within India. The contract with a Japanese generic firm for supply of formulated CVS drug, based on in-house APIs continues to show promise. We expect strong growth across geographies led by Europe, Japan and Emerging Markets, backed by over 60 new launches in the latter.

Growth in performance is expected to accrue from robust product pipeline of 48 ANDAs and 35 Dossier filings in regulated markets of US and Europe alone. This is expected to be further fuelled by about 100 launches over the next 3 years representative of a huge market opportunity, especially post the patent expiries. We shall continue filing higher ANDAs and Dossiers to give further strength to the swelling product pipeline.

### *c. Specialty Pharmaceuticals*

**Business USP**

Specialty Pharmaceuticals business focuses on Radiopharmaceuticals and Allergy Therapy Products segments.

We offer a portfolio of products and complementary equipments in the niche segment of nuclear imaging. The business exhibits excellent skills in R&D, manufacturing, quality and regulatory affairs. It enjoys an established presence in North America and is poised to expand geographically into other Emerging Markets, India and Middle-East Asia. I-131 (used for treatment of Thyroid Cancer) is the sole US FDA product in its class, resulting in leadership for us.

This business also undertakes the development, manufacture and distribution of Human Allergen Extracts for Pollen, Environmental, Venom, Mites, Mold and Food and has the benefit of nearly 90 years of experience. We are the second leading player in Allergy Immunotherapy in the US and are one of the 2 producers of stinging insect venom immunotherapy products in the US.

**Business Overview**

We are engaged in the creation of a range of nuclear imaging products for therapeutic and diagnostic purposes. The diagnostic applications focus on Thyroid, Bone, Lung, Kidney, Brain and Myocardial Perfusion Imaging. These products are often sold along with the kit that is used to administer the product. The key aspect of this business is that it is highly regulated. Products are directly retailed to radiopharmacies and hospitals with which we have tie-ups.

In Allergy Therapy Products segment, our line-up includes over 200 US FDA approved human allergen extracts used in wide range of differentiated products marketed for diagnosis and immunotherapy both in bulk and against customer prescriptions. Focus is on big 5 antigens plus skin test devices. The target user-base covers conventional allergists, ENT, regular physicians and managed care/hospital based clinics across the US and Canada besides other international markets.

**Product Development**

We retail Smart-Fill™, a dispenser for I-131 which includes therapeutic application in the treatment of Thyroid Cancer. The diagnostic products in the portfolio include Macro Aggregates of Albumin (MAA) used in Lung Imaging, Diethylene Triamine Penta Aceticacid (DTPA) suitable both for Lung and Renal Imaging, Methyl Diphosphonate (MDP) used in Bone Scanning, Gluceptate that is used in Kidney and Brain Imaging and Sestamibi that finds application in Myocardial Perfusion Imaging. There is a growing demand for these competencies globally and we are the leading player for I-131, MAA and DTPA in the North American region and enjoy leadership position for MDP in Canada.

Our new product line-up includes a New Molecular Entity for treatment of Neuroendocrine Tumors in children that has been introduced in the North American market. Our Positron Emission Tomography (PET) product Ruby-Fill (Rubidium Generator used for Myocardial Perfusion Imaging) will be launched in the US and Canada in the coming financial year. We plan to support this by making inroads in related areas including our maiden Single Photon Emission Computed Tomography (SPECT) product, Moly-Fill and Generic Ceretec, both of which we expect to launch in the US. Another important planned launch in the North American region is that of Gadopentetate, a contrast agent.

In the Allergy Therapy Products business, along with 200 diagnostic Allergen Extracts the range includes skin-testing devices for Allergy Scratch and Intra-dermal Testing. Key products include ComforTen™ and QUINTIP™ range of devices and Venomil® which is a venom product and line of Acetone Precipitated (AP™) extracts.

### Performance Overview

Revenues in FY 2012 stood at ₹ 3,111 million, up 25% from ₹ 2,495 million in the previous year. The revenues in this business segment continue to show traction helped by product launches in new geographies especially in the Radiopharmaceutical business and volume growth in current markets in both business lines.

### Growth Outlook

The global market for radiopharmaceutical products for therapeutic usage and PET & SPECT imaging stood at US$ 3 billion in 2010 and is likely to increase to US$ 5 billion by 2015. PET & SPECT diagnosis account for ~90% of the global radiopharmaceuticals market and this trend is likely to continue. Being a niche business with high-entry barriers, we are in a favourable position to grow our Radiopharmaceutical business. Geographic expansion into India, Middle East as well as other Emerging Markets and new product introduction will drive growth rates while

*Offering portfolio of products in nuclear imaging*

all the existing products are also expected to grow to their optimal potential. During the course of the year India's Atomic Energy Regulatory Board has permitted us to commission a radio pharmacy at Noida, UP which should be another revenue driver for the business. We have filed for Ruby-Fill generator in the US and Canada, where approvals and launches are expected during FY 2013 to tap the US$ 60 million market opportunity. We are set to enjoy first mover advantage in Canada, where we would be one of the two suppliers in the US market.

Aggressive growth strategies have been instituted in the allergen extracts business in the US aided by lower cost skin testing devices, unique products and an effective marketing program. US would continue to be the focus market though share of revenues is expected from Canada and international regions as well. R&D efforts on product development of Sublingual Immunotherapy continues with one study completing Phase II. Our Allergenic Extracts division

***In Allergy Therapy Products business, our line-up includes over 200 US FDA approved Human Allergen Extracts used in wide range of differentiated products marketed for diagnosis and immunotherapy both in bulk and against customer prescriptions***

has seen double digit growth and is poised to continue its growth trajectory based on the US and international expansion including expansion in India and ROW. The Skin Testing Device is now being manufactured in lower cost locations that act as a lever in attracting new business.

### *d. Contract Manufacturing Outsourcing (CMO) of Sterile Injectables and Non-sterile Products*

**Backed by new order execution, the CMO business exhibited significant improvement in revenues on a year on year basis building superior channels for growth in the future**

#### Business USP

We follow a partnership approach to contract manufacturing of Sterile Injectables and Non-sterile products (comprising ointment, cream and liquids) where the primary clientele is innovator companies. We are among top 5 CMO players in North America and have been strengthening our presence with manufacturing facilities at two locations in US and Canada with multiple service capabilities.

#### Business Overview

We have integrated operations at our US and Canadian facilities. The business benefits from a strong order book and there are multiple contracts under execution for supplies to US and European geographies.

#### Services Portfolio

Our CMO business provides services for a broad range of Sterile products such as Vial and Ampoule Liquid Fills, Freeze-dried (Lyophilized) Injectables, Biologics, Suspensions and Water for Injection (WFI) diluents. We undertake supply of quantities ranging from clinical trials to commercial supply. Our Non-sterile portfolio of products includes solid oral and semi-solid dosage forms, including antibiotic ointments, dermatological cream and liquids (syrups and suspensions), capsules, tablets and powder blends.

*Providing services for a broad range of sterile products*

#### Performance Overview

Revenues in FY 2012 stood at ₹ 6,211 million compared to ₹ 5,301 million in the previous year. A new multi-year contract of US$ 70 million has been signed with a leading US based pharmaceutical company to produce a prominent OTC product for women's health and personal care to be targeted at the US market. In addition, 4 long term contracts for multiple products with combined value of over US$ 90 million were also won during the year. Backed by new order execution, the CMO business exhibited significant improvement in revenues on a year on year basis building superior channels for growth in the future. Focus on cost-saving helped Jubilant to improve margins. Necessary measures to improve capacity utilisation have been taken which in turn will support growth in the future.

#### Growth Outlook

Better capacity utilisation given optimised basket of products is expected to shape outlook. We are employing a superior marketing strategy and have strengthened our business development team, which is helping us secure commercial manufacturing opportunities as well as mid to late stage clinical opportunities. A new line of analytical laboratory services will also be on offer, allowing a broader complement of service capabilities such as lab services and clinical trial quantities that will deepen the engagement with key customers. Efforts would also be towards vertically integrating into Sterile dosage development.

We will target a top 3 ranking in the North American CMO market for our existing Sterile Injectable products. We are also seeking to launch self-branded products such as Sterile Evacuated Vials & Diluents to broaden revenue base and will expand our geographic reach from the core North American market to European region.

### *e. Drug Discovery and Development Solutions (DDDS)*

#### Business USP

We offer an integrated play of Drug Discovery and Development Solutions where the focus is on Oncology, Metabolic Disorders, Pain and Inflammation. There are certain projects being executed under partnerships with leading pharmaceutical companies which are complemented by delivery capabilities across the US, European and Indian markets. The model is inherently flexible and offers optimal solutions in terms of costing and time-to-market.

#### Business Overview

We conduct collaborative and integrated drug discovery programs under this business. Within functional services, we offer drug discovery services in the areas of Medicinal Chemistry, Discovery Informatics, Computational Chemistry, Structural Biology, and In-Vivo & In-vitro Biology. The developmental services on offer include Clinical Research from Phase I to Phase IV including Clinical Trials and Data Management in chosen therapeutic areas. Our unique model provides Drug Discovery Services to multinational pharmaceutical and biotech companies through stand alone service model with respect to functional services in Discovery Informatics, Computational Chemistry, Structural Biology and In-Vivo and In-Vitro biology on Full Time Employee (FTE) or fee basis; and collaborative or partnership model with respect to integrated discovery programs across a single or a portfolio of molecules as well as a risk/ reward sharing option for research funding, payments for scientific milestones including bonus in discovery and development phase and royalties on successful commercialisation of the drug. Development milestones would typically include milestones at various stages of pre-clinical, clinical and regulatory submission stages of drug development.

The research facilities under the DDDS business are located in Malvern, US and at Bengaluru & Noida in India. We also maintain a global presence in the Clinical Trial operations and have facilities both in the US and in India with presence in Canada as well as in Germany.

*Offering an integrated Drug Discovery and Development Solutions platform*

#### Integrated Programs

We are presently engaged in many collaborative discovery programs with leading global pharmaceutical companies. Further, we are in the process of collaborating with multiple academic institutions in order to develop new targets and molecules for drug discovery and development.

#### Performance Overview

Revenues in FY 2012 stood at ₹ 2,440 million from ₹ 2,107 million in the previous year. The performance in this business was muted in terms of profit primarily on account of depressed results from US Clinical Trials business. We have taken various measures to realign costs in line with its top line and were able to improve margins in the year.

#### Growth Outlook

The global pharmaceutical industry continues to consolidate in the R&D space with a volatile portfolio that is strategically challenging in the near term. The collaborations continue to impose greater risk or success based models while strategic initiatives are driven by a Build Operate model that is capital intensive. The emphasis is on higher rewards for the right innovation. In effect the externalisation strategy continues to evolve and the 3 year horizon does look promising for players like Jubilant in value added capabilities that deliver optimal outcomes.

We are well positioned as one the top 5 preferred integrated discovery collaborator to major pharmaceutical and biotech companies, accelerating their global discovery efforts across multiple therapeutic areas. Alongside, we are expanding the integrated model which continues to generate the highest potential for growth and value creation with an optimal size portfolio. A multipronged strategy will be pursued to sustain growth by:

- Continuing to enhance the Therapeutic Verticals, consolidating existing portfolio partnerships while expanding new partnerships to attain an optimal balance between early stage programs and late stage candidate deliveries thereby ensuring a balanced EBIDTA
- Continuing to build balance between FTE based relationships and shared risk relationships thereby de-risking the portfolio partnerships while driving the profitability higher via stickier partnerships
- Pursuing proprietary drug discovery programs whereby we are engaged in exploratory research and discovery of new molecules via fast follower targets that will continue to fuel the pipeline efforts of our partners. This in turn will be licensed at a potentially higher value thereby enhancing the value creation in the midterm

*Better care at affordable cost*

***We also expect to achieve significant milestones including a number of drug candidates and developmental milestones during next year thereby establishing a viable research business***

Financial year 2012-13 looks quite promising as we execute multiple integrated programs thereby optimising the capacity of running integrated programs in existing drug discovery facility. We also expect to achieve significant milestones including a number of drug candidates and developmental milestones during next year thereby establishing a viable research business. An on-going integration process of subsidiaries in the US and in India will seek to deliver a better product profile that translates into stronger margins.

### *f. Healthcare*

Jubilant First Trust Healthcare (JFTH) is engaged in providing 'Better Care at Affordable Cost' to the middle-income population in the districts and towns of Paschim Banga, India. JFTH operates hospitals each at Baharampur (with 50 beds) and at Barasat (with 120 beds), which provide services under Neurosurgery, Neonatal and Paediatric Intensive Care. This facility is operated by a team of full-time doctors representing major medical disciplines. These doctors are also available on-call to extend emergency care to patients.

#### Operating Review & Outlook

Revenues in FY 2012 came in at ₹ 140 million compared to ₹ 119 million in the previous year showing a growth of 17% year on year. We are looking at improving profitability without additional investments in the venture.

# Life Science Ingredients

## II. LIFE SCIENCE INGREDIENTS

Our Life Science Ingredients business comprises revenue lines of Proprietary Products & Exclusive Synthesis, Nutritional Ingredients and Life Science Chemicals segments. Life Science Ingredients business revenues continued to chart their growth trajectory at ₹ 1,029 million in FY 2012, contributing to 49% of our revenue mix. This amounts to 11% growth YoY, mainly driven by both price and volume uptick in Life Science Chemicals.

### *a. Proprietary Products & Exclusive Synthesis (PPES)*

**We enjoy global leadership across range of products including Pyridines, Beta Picolines and 14 other derivatives.These products find application in over 100 active ingredients in pharmaceutical, agrochemical and other industries like food and personal care**

#### Business USP

PPES business is a fully-integrated operation where Pyridine, Picolines and a range of Pyridine derivatives are manufactured. The business benefits from over 3 decades of experience in Pyridine chemistry. There is continuous development of new products with pharmaceuticals and agrochemicals being the main focus areas. We enjoy global leadership across range of products including Pyridines, Beta Picolines and 14 other derivatives. These products find application in over 100 active ingredients in pharmaceutical, agrochemical and other industries like food and personal care.

#### Business Overview

Key product range includes Pyridine, Picolines and its derivatives, like Piperidines, Cyanopyridines, Aminopyridines, Chloropyridines & Bromopyridines and many more. These products are categorised as Fine Chemicals, Advance Intermediates and Crop Science Chemicals business divisions and are primarily used as basic building blocks in production of active ingredients.Our competitive advantage stems from the level of integration in this operation, which is down to the basic raw materials. We offer unique platforms in chemistry such as Vapour Phase Catalytic Reaction, High Pressure Reaction, High Temperature (more than 2500$^0$C) Reaction, Amination, Chlorination, Bromination, Fluorination Reactions. Proprietary Products are manufactured using these and other skills that we possess in chemistry. In Exclusive Synthesis division, we partner innovator companies through the life cycle of their products, from the developmental stages to commercialisation, offering developmental work on key Advance Intermediates, APIs and even New Chemical Entities (NCEs) and then take it through commercialisation at large scale.

*Product applications in agrochemical & food*

#### Performance Overview

This business reported revenues of ₹ 9,322 million in FY 2012 compared to ₹ 9,543 million in the previous year. The 2% sales de-growth that we witnessed was primarily on account of higher internal demand for the products consequent upon increased vertical integration. With focus on improving and maintaining the Company's leadership position in key Proprietary Products we have managed to win new orders in a competitive environment.

#### Growth Outlook

We are seeing significant interest in our PPES offerings and have invested considerably for Pyridine capacity enhancement to the tune of 20% during the year. This will support additional sales of existing products and planned launches of new products alike. The growing emphasis on utilisation of in-house Pyridine and its derivatives to offer value-added downstream products should also drive growth.This includes the utilisation of Beta Picoline to produce 3-Cyanopyridine (3CP) and Niacinamide and Pyridine to produce Symtet. The introduction of agrochemical active, Symtet (2,3,5,6-Tetrachloropyridine) is expected to provide substantial revenue upside. We plan to address Symtet market at peak capacity utilisation from our global scale facility being set up at Bharuch SEZ which has annual revenue potential of over US$ 80 million.

We are looking at expanding our developmental activities to include new applications in electronics, agrochemicals and consumer care products. We are also targeting new applications of Beta Picoline in emerging specialty polymers.

Growth should come from over 20 new launches with primary thrust on Emerging Markets and China which are seeing strong expansion. We won a major three year contract to the tune of US$ 80-100 million in this space, supplies for which would begin in FY 2013, adding to the growth.

*Catering to the needs of breeding farmers, feed-millers*

### *b. Nutrition Ingredients*

#### Business USP

Our Nutrition Ingredients business is a fully-integrated operation where production of Vitamin B3 is based on input materials manufactured in-house. We are known for quality products and are able to manufacture them at a competitive cost due to benefits from vertical integration. The portfolio of products includes Animal Nutrition products too, especially in the poultry space.

#### Business Overview

The biggest advantage we have is our integrated nature of operations. This provides us with the cost-advantage that is difficult for any player in the industry to match. Beta Picoline manufactured under the Proprietary Products is the precursor to Niacin and Niacinamide (Vitamin B3) produced and is used by international companies in the field of animal nutrition, human food fortification and enrichment, pharmaceuticals, agrochemicals and personal care. Within Animal Nutrition we cater to the needs of breeding farmers, feed-millers and commercial – broiler & layer farmers who buy products for their poultry.

***After the present round of expansion, we are the second largest global player of Niacinamide***

#### Product Development

We are the second largest player globally in production of Niacinamide after the present round of expansion. Product applications include animal feed, human food, personal care use, pharmacological and agrochemicals. Animal Nutrition products include Choline Chloride (Vitamin B4), where Jubilant enjoys market leadership and Specialty Premixes containing other vitamins and minerals in addition to Vitamin B4. We also make toxin binders, acidifiers and liver protection products aimed at the poultry industry.

#### Performance Overview

Revenues in FY 2012 stood at ₹ 2,108 million from ₹ 1,915 million in the previous year. Going forward, we foresee ourselves standing on firm ground to garner better volumes in this particular segment as a result of ramp up capacity from the recently commissioned manufacturing facility at Bharuch SEZ, Gujarat for Niacinamide.

#### Growth Outlook

Recent enhancements to capacities combined with close integration with PPES business should deliver growth. As utilisation of the new Niacinamide capacity improves during the year to over 60%, it will pave the way for its peak annual revenue potential of US$ 75 million. Launches of over 5 new products in the ensuing period are also expected to improve sales. Strong growth can be expected from China, followed by the regulated markets of the US and Europe.

### *c. Life Science Chemicals (LSC)*

#### Business USP

Life Science Chemicals is a capital intensive business in which scales of operations is imperative. We have leadership position in Acetyls in India and sizeable presence globally. We enjoy economies of scale and with the recent round of capacity expansion, we have further augmented this position. The business produces 'Green Solvent' Ethyl Acetate, which is being preferred by customers in all markets as Ethyl Acetate is fast replacing the petroleum-based solvents such as Toluene, MEK (Methyl Ethyl Ketone), MIBK (Methyl Iso Butyl Ketone) etc. The other major product in LSC business is Acetic Anhydride, in which Jubilant has a significant share of global market.

#### Business Overview

We manufacture and trade in products in the Acetyl value-chain. These organic intermediates are precursors to Advanced Intermediates and Fine Chemicals used in a range of applications such as pharmaceuticals, aromatics, adhesives, food, packaging, beverages, crop protection chemicals, textiles and other solvents. Parts of these Acetyls are also consumed by our other business verticals for instance in production of value-added Fine Chemicals and APIs. Strong integration and manufacturing efficiencies have helped us rank within the top 10 in key Acetyl products across the world. These Acetyls are produced using green feedstock, i.e. molasses or alcohol. We have created large storage capacities at our plants and ports to ensure continued supplies of feedstock to the operation and to benefit from lower feedstock prices which are cyclical in nature, especially with respect to Ethyl Alcohol.

*Catering to needs of global pharma*

#### Product Portfolio

The range of Acetyls produced or traded includes Acetic Acid, Acetic Anhydride, Ethyl Acetate, Specialty Gases, Ethylene Oxide Mixtures, Mono Chloro Acetic Acid and Sodium Mono Chloro Acetate. Acetic Anhydride finds it's most common usage in the manufacture of Paracetamol, Aspirin and other key pharmaceutical and crop protection chemicals besides modified starch acetates, Liquid Crystal Display (LCD) films and moulded objects. Moreover we are seeing many producers in pharmaceutical, agrochemicals, printing and packaging industries preferring the green Ethyl Acetate made by us.

#### Performance Overview

Revenues in FY 2012 stood at ₹ 9,599 million compared to ₹ 7,540 million last year, growing at 27% YoY. The business continues to show uptick with demand coming from domestic as well as international markets. Volumes have remained healthy in the business through the year. We continue to work on increasing capacity and utilisations to keep up with the growth in volumes in its key products, Ethyl Acetate and Acetic Anhydride. During FY 2012, we expanded our Acetic Anhydride manufacturing capacity to become a supplier to global producers of mainly pharmaceuticals and crop protection chemicals and to expand our foot-print in newer markets.

Infrastructure was also strengthened in terms of providing end to end supply chain solutions for our global customers, logistics for storage at ports as well as for bulk exports. With our entry into Europe through marketing and sales alliance with a Swedish firm, we are now regarded as a European seller in market place rather than just an Indian exporter. We also happen to be the only Indian player to have registered Ethyl Acetate and Acetic Anhydride under REACH Regulations.

#### Growth Outlook

We expect our expanded capacities to help us address increased demand in Europe and Emerging Markets and also help maintain our leadership position in India. We are determined to increase the geographic reach of our products and expect to show substantially higher growth coming from the European and other under-penetrated regions in the next 3 years. We are cognisant of the importance of utilising the right mix of feedstock and plan to make investments to ensure that our present advantage and flexibility in usage of feedstock perpetuates in our long term vision to be a formidable global Life Science Chemicals player.

# Business Enablers

## BUSINESS ENABLERS

## RESEARCH & DEVELOPMENT AND INTELLECTUAL PROPERTY

At Jubilant we dedicate considerable resources to research and development in order to develop new and existing products; this in turn creates value for our customers. We have a dedicated team of about 1200 scientists spread across our multiple locations. Our R&D efforts have helped us develop our own intellectual property which is well protected in defined geographies of our business interests.

Focusing on our acquisition strategy for businesses, our intellectual properties have grown over the years. Our production technologies which comprise of specialised proprietary know-how, have evolved and enhanced over a period of time. When an opportunity arises to accelerate our businesses we may grant licenses for our patents and know-how to third parties. With complete evaluation of the best available opportunity, we may also obtain licenses to manufacture and sell products of third parties using their technology and know-how.

## MANUFACTURING

Excellence is the key driver for manufacturing at Jubilant Life Sciences Limited. The path to excellence is laid with a strong foundation on innovation, waste reduction, and resource conservation without losing focus on an all-out effort towards sustainable growth.

As the Company has grown, the manufacturing facilities have been taking strides to match the pace with reduced cost of operations, engineering initiatives and capacity de-bottlenecking. At home with renowned tools like world class manufacturing techniques and Total Productive Maintenance, the manufacturing facilities are playing their part in maximising profitability.

*All the manufacturing sites have robust systems in Quality, Environment and Safety. They are also qualified with repetitive and sustained accreditation from international regulatory agencies*

Today, besides 7 manufacturing plants in India, we have 3 manufacturing facilities across locations in North America. The plant for Generics is located at Salisbury, Maryland, United States. Our facility in the US state of Maryland is able to serve a large Generics market of North America. We have been making several product filings annually and are on track to establish this business in other international markets. For this purpose we plan to rely on the integrated ecosystem within India where Dosage Formulations can be manufactured and supplied globally from our Roorkee facility. The dual manufacturing presence works to our advantage in this business.

The plants for Sterile Injectable and Non-sterile product manufacturing are at Spokane, Washington, United States and Montreal, Quebec, Canada respectively. Both are US FDA approved besides having approvals from other major regulatory bodies. Contract manufacturing outsourcing by innovators to local players puts our North American CMO facilities at an advantageous position and is key to our top 5 ranking in that market.

The Spokane facility also houses Allergy Therapy Products setup, while the Montreal facility in Canada supports our Radiopharmaceutical unit under the Specialty Pharmaceuticals business. Keeping in mind the importance of proximity to suppliers of nuclear raw material and for being close to the largest market, the facility is ideally located in Canada.

The distribution of manufacturing units and research facilities globally has been planned bearing in mind the advantages of being in proximity to end customers and key markets.

All the manufacturing sites have robust systems in Quality, Environment and Safety. Qualified with repetitive and sustained accreditation of IMS, cGMP as well as agencies like FDA (US), MHRA (UK) & PMDA (Japan), the API and Solid Dosage Formulations in India have been supporting the Company to scale new heights in a consistent way.

The latest feather in the cap is a world class facility at Bharuch SEZ, Gujarat for Vitamins and Fine Chemicals & Agrochemicals in the Life Science Ingredients space. All units have state-of-the-art fully automated manufacturing plants, quality and QA systems conforming to global benchmarks.

Reinstating the commitment to sustainable business is strong awareness and pro-active approach to regulatory compliance. Our one of a kind compliance monitoring system is fully integrated with our internal systems which facilitates and tracks the compliance status giving ample advance notice to any upcoming requirement or changes.

Enabled and equipped with the plethora of latest technologies, innovative & committed team, the manufacturing function forges to avail new pinnacles for the organisation.

*Processes aligned to dynamic business requirements*

## SUPPLY CHAIN

The efficient supply chain processes aligned to dynamic business requirements have been able to create flexibility and bring about continuous improvement in performance. We have also taken stretch targets with an approach to build best in class supply chain processes.

The extension of the e-procurement buying process (EJ-BUY) to buying logistics services and extend it to the plants has now matured with negotiations and approvals happening on this platform. This has led to transparency, visibility and faster processing of transactions across the value chain. This also facilitates our initiative towards environment protection, with paperless buying. This EJ-BUY process would be extended to more categories of material sourcing this year. The negotiations through reverse auctions have been implemented on the platform to have better price discovery in order to achieve cost reduction.

Initiatives on alternate sourcing, consolidation and single window buying have been the other initiatives envisaged to bring more value within the buying process. The activities have been further extended to integrate R&D spend and to look at global sourcing initiatives with focus towards sourcing from China.

Our other initiatives on integrating logistics through multi-modal transportation of bulk liquids from and to the ports and its integration with in-house railway siding has been a key accomplishment for the team this year. Further stretch targets with respect to improving 'On Time in Full' for customers and reducing inventory in the pipeline have been initiated to manage costs better. Measurement systems within the Supply Chain Re-engineering (SCOR) framework which are able to measure the critical parameters for supply chain accuracy have focused to improve the customer facing metrics through the automated order management process on the IT platform used. Monthly measurement of forecast accuracy has created better visibility especially on inventory across the end to end supply chain.

We are also working with our suppliers to take initiatives on greening supply chain. In this, we are working with a target of sustainable growth with a strong commitment towards environment while we learn and grow continuously along with our stakeholders.

***Initiatives on alternate sourcing, consolidation and single window buying have been the other initiatives envisaged to bring more value within the buying process***

## BUSINESS EXCELLENCE

In Jubilant, Business Excellence function is proactively creating the framework for new improvement strategies which drives the competitive advantage backed by a strong execution mechanism and capability. These improvement strategies pertain to all three critical pillars of the organisation – Customer, Process & People.

The continual efforts of business excellence function is to understand processes and systems, model them by transfer functions and define crucial measurements resulting in a superior co-ordination and integration of processes. Learning, reconfiguration and transfiguration become source of competitive advantage and can be effectively used to leverage Company's competitive strategy.

During this journey of continual improvement, this function has adopted various improvement methodologies in line with organisation priorities like Six Sigma, Lean, Design for Six Sigma (DFSS), World Class Manufacturing (WCM), Total Productivity Management (TPM), Supply Chain Re-engineering (SCOR), Project Management (EPM), Operation Research (OR), Business Intelligence (BI) etc. This year also Business Excellence function has added competencies like Maynard Operation Sequencing Technique (MOST) for manpower productivity enhancement and dynamic & steady state simulation modelling for enhancing efficiencies of chemical processes using tools like ASPEN & DYNOCHEM.

The scope of these improvement initiatives cover all facets of the business like Manufacturing, Sales & Marketing, New Product Introduction (R&D), Supply Chain, Corporate HR, Projects and other support functions which helped creating a more efficient value chain. The Business Excellence infrastructure element helps in creating self-driven / mission directed teams which drive their operational area towards excellence in alignment to business objective through right accountability and training. This sustained culture of innovation & excellence is the result of deep commitment of the people at Jubilant.

These varied businesses have specific challenges and require customised innovative solutions to cater to these requirements. With the support of all CEOs, Business Heads, Champions and urge of all Business Functions (including foreign subsidiaries) towards internalisation of Business Excellence initiatives, this improvement journey has gone a long way in firming the foundations for sustained profitable growth.

The Company won awards from Quality Circle Forum of India as well as International organisations like International Quality and Productivity Centre for its various projects undertaken across business lines, within and outside India.

With respect to bringing about improvement in the Company, knowledge based newsletters were shared across all businesses, yellow and green belt trainings for corporate functions were undertaken covering many employees and a Kaizen scheme was launched to generate number of ideas on cost reduction, capacity enhancement & quality improvement.

Some of the key projects undertaken during the year are R&D spend optimisation, development of dynamic capacity model & MRP model for API to reduce inventory & de-bottleneck capacity constraints, supply chain assessment at Radiopharmaceutical unit for improving radioactive raw material sourcing, implementation of integrated sales and operating planning process to reduce order backlog and improve customer service levels in Generics units, implementation of design of experiments for improving methodology for development in Clinical Trials business and execution of human error reduction program at CMO facility in the US by simplification of documentation. Endeavour from the group is to continue to focus on bringing about excellence in all operating areas by adding value through critical analysis, planning, implementation and review.

*Focusing on bringing about excellence in all operating areas*

## HUMAN RESOURCE MANAGEMENT

We believe that people perform to the best of their abilities in organisations to which they feel truly connected. We are committed to creating an inclusive environment — one that is progressive, flexible and values the individual contributions of all our people.

**Talent Management -** As part of our Strategic Talent & Succession Management Process the leadership invests valuable time in identifying high potential & succession candidates for the critical positions and planning their development for next higher role. Focused development activities ranging from self-development activities, class room training and management development programs in leading institutes to on the job assignments are planned for the talent pool and monitored regularly.

**Development -** We provide our people development opportunities that are geared towards building future capability. Our initiatives have four major focus areas like - Programs for Leadership Development, Programs on Strategic Initiatives and Self Development Programs in areas such as technical, functional, behavioural, quality, environment and health & safety to name a few. We also run customised programs which are co-created in partnership with stakeholders like 'Emerging Leaders for Manufacturing Excellence' which has an objective of creating future leaders to transform manufacturing practices taking them to world class levels. We have been able to achieve the target of 3 training man-days and strive to take on higher targets for future in continuation to our commitment to our people's development.

**Engagement -** In continuation to our efforts to make Jubilant one of the best places to work for, we have been conducting the Gallup Employee Engagement Survey once in two years to gauge the organisation's health. Post survey, the work action plans have been worked out with respective managers and their teams, executed and monitored for progress. This enables us to track the proportion of engaged to actively disengaged employees and the reasons for the same, so that mid-course corrections or interventions can be implemented thereof. We encourage our employees to seek personal growth by actively participating in events like:

*Creating an inclusive environment for our human capital*

- Fun@Work where we celebrate festivals & birthdays at the workplace, family day at plants and sports based initiatives like the 'Gajraula Cricket Cup'
- Employee Wellness Initiative: We are concerned about the wellbeing and health of our employees and believe that a well-designed wellness program can increase productivity and boost morale. We create awareness and assist our employees and their families to lead healthy lifestyle with 'Jubilant Employee Wellness Program'. Some of the wellness initiatives include:
  - Pre-employment health check up
  - Full-fledged medical services at Manufacturing units
  - Part time medical consultation at Corporate Office and R&D Centres
  - Sponsored annual health check at Corporate Office – HDFC ERGO
  - Improved Mediclaim services for employees and families
  - Blood donation camp
  - Health awareness sessions
  - Tieups with leading hospitals on pan India basis for IPD & OPD
- Health of Women Employees: We acknowledge the rising health concerns for our women employees. We participated in Ogaan Breast Cancer Awareness initiative to spread awareness around the same and also offered check-up treatment at discounted rates by virtue of our tie-up with Le Femme Fortis Hospital

**Equal Employment Opportunity -** We are signatory to policy on CII Code of Conduct for Affirmative Action which reconfirms our commitment that equal opportunity in employment for all sections of society is a component of our growth and competitiveness.

**Process/Platform -** We strive towards technology driven HR systems & processes with the implementation of world renowned PeopleSoft based human resource management system 'Synergy HRIS'. The key features include employee personal and job database, self-service features like reimbursements, payslips, leaves, income tax declarations and computations, loans and exit process etc. This supports more robust database and informed decision making.

**Reward & Recognition -** About a third of our employee population get rewarded year on year under Reward & Recognition Program, Applause for their significant achievement of organisational goals and demonstration of Jubilant's leadership competencies. 'Global Chairmen's Annual Awards 2010-11', the first ever in Jubilant, got concluded in December 2011 where the employees were rewarded by the Chairman & Managing Director and Co-Chairman & Managing Director of the Company. The award categories were 'Emerging Talent of the Year', 'Achiever of the Year' and 'Innovator of the Year'. The entire event was broadcast live to all Jubilant locations globally through webcast streaming.

**Employee Value Proposition -** In view of our efforts to enhance employee value proposition, we have revamped our new employee on-boarding process to have a focused approach towards integrating new employees into the Company. Faster time to productivity and increased engagement and retention of new employees has been the key drivers towards this initiative. New Employee On-boarding (NEON) initiative that was launched last year has received good response. The joining forms have been automated reducing the joining time. As per 888 Feedback Mechanism, 93% of the new employees, who joined between January – February 2012, found on-boarding satisfactory.

To assist new employees with the right information starting early in the organisation, e-induction platform was launched. This portal is available to all new employees on their joining and has information on Company, policies & practices. It not only helps in transmitting standardised information about Jubilant Bhartia Group to all new employees but also helps in creating an initial bond with them.

***We are signatory to policy on CII Code of Conduct for Affirmative Action which reconfirms our commitment that equal opportunity in employment for all sections of society is a component of our growth and competitiveness***

Productivity Improvement Initiatives in all manufacturing locations like Kaizen Philosophy (Sankalp), TPM, 5S (Good Housekeeping), Quality Circles, Multi Skilling etc. have successfully been implemented. Productivity linked incentive scheme has already been successfully implemented in Nanjangud and Savli plants. It will be extended to other locations at the time of Long Term Settlement.

Employee Safety Observation and Surveillance is an on-going activity at Company's manufacturing units across all locations including observing the work condition and talking to employees on safety related to their jobs.

Due to healthy industrial relation in our organisation we have been able to add value to our customer's expectations in terms of product, quality, service and delivery. No man-days have been lost due to labour unrest across any manufacturing locations reflecting Company's willingness to maintain good and harmonious relations with employees at all locations. Healthy industrial relations also give positive stroke in the surrounding industrial belt and they have also been taking our advice in various matters related to industrial relation, employee welfare & grievances. The Company also believes in worker's participation in decision making through various committees where representative of workers are active members and part of overall process like Safety Committee, Employee Engagement Committee, Mission Directed Team, Employee Suggestion Scheme and Reward & Recognition Scheme.

# Internal Control Systems & Risk Management

## INTERNAL CONTROL SYSTEMS & RISK MANAGEMENT

Risk-taking is an inherent trait of any enterprise. There can be no growth or creation of value in a company without risk-taking. However, if risks are not properly managed and controlled, they can affect the company's ability to attain its objectives. Risk management and internal control systems play a key role in directing and guiding the company's various activities within the desired parameters.

### *Jubilant's Vision on Risk Management*

To establish and maintain enterprise wide risk management capabilities for active monitoring & mitigation of organisational risks on a continuous and sustainable basis.

### Risk Management Strategy

Jubilant has a strong risk management framework in place that enables active monitoring of business activities for identification, assessment and mitigation of potential internal or external risks, given the established processes and guidelines we have in place, along with a strong overview and monitoring system at the Board and senior management levels.

Our senior management team sets the overall tone and risk culture through defined and communicated corporate values, clearly assigned risk responsibilities and appropriately delegated authority. We have laid down procedures to inform Board members about the risk assessment and risk minimisation procedures. As an organisation, we promote strong ethical values and high levels of integrity in all our activities, which by itself significantly mitigates risk.

***Jubilant has a strong risk management framework in place that enables active monitoring of business activities***

### Risk Management Structure

Our risk management structure comprises the Board of Directors and Audit Committee at the Apex Level, supported by Executive Directors, Heads of Businesses, Functional Heads, Unit Heads, Divisional Heads of Accounts & Finance and Head of Assurance function. As risk owners, the Heads are entrusted with the responsibility of identification and monitoring of risks. These are then discussed and deliberated at various review forums chaired by the Executive Directors and actions are drawn upon. The Audit Committee, Executive Directors and Head of Assurance act as a governing body to monitor the effectiveness of the internal controls framework. There is a perpetual internal audit activity carried out by M/s Ernst & Young Private Limited and the in-house internal audit team, who make an independent assessment of our risk mitigating measures and provide suggestions for improvement.

The Audit Committee, on a quarterly basis, reviews the adequacy and effectiveness of the internal controls being exercised by various businesses and support functions and advises the Board on matters of core concern for appropriate redress measures.

### Risk Mitigation Methodology

We have a comprehensive internal audit plan and a robust Enterprise Risk management (ERM) exercise which helps to identify risks at an early stage and take appropriate steps to mitigate the same. We have completed six years of our certification process wherein, all concerned Control Owners certify the correctness of about 1500 controls related to key operating, financial and compliance related issues, every quarter. This has made our internal controls and processes stronger and also serves as the basis for compliance with revised Clause 49 requirements mandated by the Securities and Exchange Board of India (SEBI).

We have also identified entity level controls for the organisation, covering integrity and ethical values, adequacy of audit and control mechanisms and effectiveness of internal and external communication, there by strengthening the internal controls systems and processes with clear documentation on key control points.

### *Management's Assessment of Risk*

The Company identifies and evaluates several risk factors and draws out appropriate mitigations plans associated with the same in detail. Some of the key risks affecting its businesses are laid out below:

*Offering improved quality and service experience*

#### Competition

With significant share of the business represented by exports across different businesses within the lifesciences space, the Company faces stiff competition from both domestic as well as international markets. Manufacturers in China, who aided by economies of scale, favourable policies, lower costs amongst others may pose a risk in terms of threatening the Company's ability to maintain its market leadership, achieve planned growth and generate planned margins. Additional risk of competition manifests in the form of certain competitors being suppliers of core raw materials for Life Science Chemicals business, new entrants resorting to penetration pricing to make inroads, dumping strategy by China manufacturers to fuel price wars from local players (Beta Picoline) amongst others. The Company has drawn out detailed plans and combat strategies to safeguard existing business against competition which range from Customer and Account Management programs to offering improved quality and service experience and in the process securing long term contracts. With the commissioning of the SEZ in Bharuch and initiatives underway to bring in manufacturing efficiencies, it expects further cost optimisation opportunities which will help in successfully taking on competition from international boundaries.

#### Cost Competitiveness

Rising Input Prices and Margin Pressure - The Company believes that it is a low-cost manufacturer for most of its products and is a major contender for outsourcing opportunities with global corporations offering products that also conform to quality standards set in developed markets. Constant and rising input prices amidst inflationary market condition poses a risk to the Company's ability to retain price competitiveness and build reserves to drive future growth. Volatility in raw material prices, sugar industry trends (Life Science Chemicals business), and increase in input prices of core material such as Acetic Acid, Alcohol, Ammonia have cascading impact on other businesses in terms of increased cost of input materials. Significant variations in the cost as well as availability of raw materials may impact our operating results. Local currency depreciation and impact on fuel prices has further increased the logistics costs putting additional pressure on the Company margins when competing globally. We continue to take initiatives in reducing our costs by employing Business Excellence initiatives. Wherever feasible, the Company enters into long term contracts with volume commitments and prices which are linked to key input material prices to mitigate risks. Alternate supply sources are constantly being identified and evaluated by Supply Chain and R&D initiatives undertaken to develop cheaper alternates or re-engineering costs to counter increase in input costs.

#### Foreign Currency and Interest Rate Exposures

Foreign currency exposures on account of global operations could impact the financial results of the Company. Foreign currency exposures arise out of international revenues, imports and foreign currency debt. Constantly increasing interest cost on the borrowings may impact the profitability of the organisation adversely. Depreciating rupee poses a risk of imports becoming dearer and raw material more expensive. Further, volatility and uncertainty in forex rates create complexity and challenge in determining the price which balances margins protection goal and at the same time is attractive to customers. To mitigate foreign currency related risks, the Company has a strategy in place to take measured risks through hedges and forward covers. It has a Committee of dedicated experts and professionals to periodically advice on matters relating to foreign currency risk management for example consolidating inbound/outbound exposures for natural hedge. The risk management team formulates policies and guidelines which are periodically reviewed to align with external environment and business exigency. Further, currency and interest swaps are taken if required on loans and interest rate exposures. A quarterly update on foreign exchange exposures, outstanding forward contracts and derivatives is placed before the Board.

*The risk management team formulates policies and guidelines which are periodically reviewed to align with external environment and business exigency*

### Capacity Planning and Optimisation

Investments towards building new capacities or enhancing and augmenting existing capacities are critical to meeting business objectives – driving growth as well as maintaining market leadership. Non availability of sufficient capacity threatens a company's ability to execute customer demands and be competitive. On the other hand, excess capacity threatens an organisation's ability to generate competitive profit margins. Identifying the ideal lead time between market assessment, capex decision and actual upgrade of production capacity is critical to effective capacity planning and optimisation.

Delayed commissioning, cost overruns and inability to deliver per standards can significantly threaten expected Return on Investment (ROI) amidst issues relating to customer dissatisfaction and adverse impact on reputation. Repeated break-downs, faulty designs and idle capacities all contribute to inefficiencies in manufacturing process, escalates costs and impairs the ability to service its customers effectively. The Company has robust processes in place to continuously monitor plant capacities, utilisation and drive improvements aligned with good manufacturing practices such as preventive maintenance schedules, modifications to plant designs in case of repeated breakdown. It periodically undertakes de-bottlenecking and other initiatives to improve efficiencies in terms of throughput, cost reduction and build additional capacities without committing significant capital outlay thereby generating better ROI.

*Constantly updating systems with new regulations and technological changes*

### R&D Effectiveness

Innovation, speed-to-market and a robust product pipeline is critical for success for a life sciences company. Failure to timely develop new products or commercialise products timely may adversely impact the Company's competitive position. Similarly, an R&D function which fails to meet the expectations of the business, such as, meeting target product costs and minimising product cost deviations between R&D and operational phase will adversely impact the Company's ability to launch its products competitively and hence put to risk, its ability to command market share. Risk of Company failing to develop products which are compliant with accepted standards documentation will significantly dent Company's reputation in addition to the financial loss associated with the failed launch. Further, emergence of new cost effective methods for producing core products supplied by the Company (Advance Intermediaries, Vitamins business) or emergence of alternative platforms and substitutes for APIs can pose a risk to the Company's competitive position.

To safeguard itself from these risks, the Company has strategy in place with earmarked budgets and investments in R&D commensurate with the business plans – infrastructure, manpower and new technologies. It has institutionalised robust processes and proven R&D methodologies to ensure successful commercialisation and minimum surprises during scale-up. The R&D keeps itself updated with the regulations, upcoming technological changes and trends and proactively aligns with pharmacopeia methods and industry best practices.

### Human Resources – Acquire and Retain Talent

Acquisition and retention of right talent is critical to maintain desired operational standards. Insufficient focus on human resource processes (e.g. recruiting, talent management, labour management, development and training) may result in an organisation's inability to recruit and/ or hold the required personnel. Further, given the Company's dependence on R&D activity, it is imperative that it recruits and retains high quality R&D specialists. Lack of credible successors may expose the Company in case of unexpected departures in key position. Inability to attract the talent required to execute business objectives may result in deteriorating business performance.

The Company has committed 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 outside India. To execute its growth and diversification plans, while on one hand the Company continues to hire new, highly-skilled scientific and technical personnel staff, it also introduced Rewards & Recognition policies for effective employee engagement.

***The Company continues to hire new, highly-skilled scientific and technical personnel, it also introduced Rewards & Recognition policies for effective employee engagement***

*Striving to identify and explore new market applications*

### Portfolio & Mix: Customer and Product Concentration

A balanced portfolio in terms of customers, markets and products is important to be able to execute business strategies and monitor and assess impact of decisions. A change in customer organisation, behaviour, needs and/ or expectations may lead to a decrease in market attractiveness and / or adverse competitive position. A high customer concentration poses a risk in terms of sudden dip in market share in the event of loss of key customers or share of business due to shift of customer's preference to competitors. An over-dependence on single product or few customers may adversely impact the realisation of long term business objectives in the event of any regulation limiting the end use application. In case of high dependence on specific geography, failure to accurately forecast socio-political-economical trends or regulatory changes in key customers' market may significantly impact business performance.

The Company regularly reviews its portfolio – product, customer and geography and draws out strategies to achieve desired mix. With robust customer and account management programs in place, it safeguards itself against shift in customer preference. To mitigate the risk emerging from over-dependence on few / single products, it has committed investments in R&D to broaden its product mix and widen the portfolio to support forward integration with value added products such as Vitamins and Symtet businesses. As part of the annual business planning and periodic review meetings, it constantly strives to identify and explore new profitable markets for its products as well as new downstream opportunities in terms of applications and alternate use of the products available in its portfolio.

### Compliance and Regulatory

We need to comply with a broad range of regulatory controls on testing, manufacturing and marketing of our products in the pharmaceutical and life sciences space. In some countries, including the US, regulatory controls have become increasingly demanding leading to increased costs and reduced operating margins for our line of products and services. Failure to achieve regulatory approval of new products can mean that we do not recoup our R&D investment through the sale of final products. Any time change in regulations or reassessment of safety and efficacy of products based on new scientific knowledge or other factors could result in the amendment or withdrawal of existing approvals to market our products, which in turn could result in revenue loss. This may occur even if regulators take action falling short of actual withdrawal.

We have adopted measures to address these stricter regulations by increasing the efficiency of our R&D process, reducing the impact of extended testing and making our products available on time.

### Environment Health and Safety (EHS)

In the current business climate of reputational threats and rising political backlash, corporates need to tread carefully to maintain public trust. Social acceptance and Corporate Social Responsibility (CSR) have become increasingly important over the last decade. Compliance with stringent emission standards for the manufacturing facilities and other environmental regulations may

*Adopted measures for regulatory compliances*

***The Company has incurred substantial expenditure and allocated other resources to proactively adopt and implement manufacturing processes to increase its adherence to enviornmental quality standards and enhance its industrial safety levels***

adversely affect the business. R&D, life science services and manufacturing of products involve dangerous chemicals, process and by-products and are subjected to stringent regulations. The Company anticipates that environmental laws and regulations in the jurisdictions, where it operates, may become more restrictive and be enforced more strictly in the future. It also anticipates that customer requirements as to the quality and safety of products will continue to increase. In anticipation of such requirements, the Company has incurred substantial expenditure and allocated other resources to proactively adopt and implement manufacturing processes to increase its adherence to environmental quality standards and enhance its industrial safety levels.

At Jubilant, the challenges due to Company's operations related to EHS aspects of the business, employees and society are mapped and mitigated through a series of systematic and disciplined sets of policies and procedures. For further details, investors may kindly refer to the Corporate Sustainability Report of the Company which is available on the website, www.jubl.com under the 'Sustainability' section.

### Protecting Intellectual Property Rights (IPRs)

Our success will depend, in part, on our ability in the future to obtain and protect IPRs and operate without infringing the same of others. Our competitors may have filed patent applications, or hold issued patents, relating to products or processes that compete with those we are developing, or their patents may impair our ability to do business in a particular geography. The Company in addition to patents has relied on trade secrets, know-how and other proprietary information and hence our employees, vendors and suppliers sign confidentiality agreements.

# Annual Accounts

# Directors' Report

Your Directors have pleasure in presenting the Thirty Fourth Annual Report and Audited Accounts for the year ended March 31, 2012.

### Financial Results

(₹ in million)

| | Year ended March 31, 2012 | Year ended March 31, 2011 |
|---|---|---|
| Income from Operations | **26,176** | 21,904 |
| Other Operating Income | **234** | 181 |
| Total Income from Operations | **26,410** | 22,085 |
| Total Expenditure | **22,294** | 17,625 |
| Operating Profit | **4,116** | 4,460 |
| Other Income | **89** | 51 |
| EBITDA (including Other Income) | **4,205** | 4,511 |
| Depreciation | **1,320** | 999 |
| Finance Costs | **1,544** | 467 |
| Profit after Interest but before Exceptional Items | **1,341** | 3,045 |
| Exceptional Item – Gain/ (Loss) | **(1,800)** | (46) |
| Tax Expenses | **350** | 203 |
| Reported Net Profit / (Loss) after Tax | **(809)** | 2,796 |
| Profit brought forward from previous year | **9,228** | 8,819 |
| Adjustment on implementation of Scheme of Amalgamation and Demerger | **-** | 1,017 |
| PROFIT AVAILABLE FOR APPROPRIATION | **8,419** | 10,598 |
| Which the Directors have appropriated as follows: | | |
| - Proposed Dividend on Equity shares | **478** | 318 |
| - Tax on Dividend on Equity Shares | **77** | 52 |
| - Transfer to General Reserve | **-** | 1,000 |
| Balance to be carried forward | **7,864** | 9,228 |

### Standalone Financials

#### Income from Operations

In FY2012, the Company recorded income from operations of ₹ 26,410 million, which grew by 20% over last year.

#### International Revenues

International business contributed 53% to the net revenue from operations at ₹ 13,982 million.

#### EBITDA

For the year ended March 31, 2012, EBITDA stood at ₹ 4205 million with EBITDA margins at 16%.

#### Reported Profit/(Loss) After Tax and EPS

Reported Loss After Tax was ₹ 809 million in FY2012. Basic EPS stood at ₹ (5.08). However, Normalised Profit After Tax stood at ₹ 991 million after adjusting for exceptional items of ₹ 1800 million, mainly on account of unrealised exchange losses. Normalised EPS stood at ₹ 6.22 for the FY2012.

### Consolidated Financials

#### Income from Operations

In FY2012, income from operations was ₹ 43,031 million, which grew by 25% over last year.

#### International Revenues

International business contributed 71% to the Revenue at ₹ 30,360 million. Sales from regulated markets at ₹ 24,853 million were 58% compared to 52% in previous year.

#### Pharmaceutical Business

This comprises revenue lines of APIs, Generics, Speciality Pharma, CMO, DDDS and Healthcare. In FY2012, Income from operations of this business was ₹ 21,753 million contributing 51% to the total revenue and recorded a growth of 41%. EBITDA stood at ₹ 5801 million, up from ₹ 1674 million in previous year, reporting growth of 247%. EBITDA margins stood at 26.7% in FY2012.

#### Life Sciences Ingredients Business

This business comprises Proprietary Products and Exclusive Synthesis, Nutrition Ingredients and Life Science Chemicals. In FY2012, Income from operations at ₹ 21,029 million recorded an increase of 11% over last year same period. EBITDA stood at ₹ 3542 million with 16.8% margins for the year compared to ₹ 4680 million and 24.6% margins in previous year. The margin reduction is mainly on account of competitive pricing to enhance market share and higher input material costs. The situation is expected to be corrected during FY2013 due to cost rationalization and operating leverage.

#### EBITDA

For the year ended March 31, 2012, EBITDA stood at ₹ 8930 million with EBITDA margins at 20.9%.

#### Reported and Normalised Profit After Tax and EPS

Reported Profit After Tax was ₹ 146 million in FY2012. Basic EPS stood at ₹ 0.91. However, Normalised Profit After Tax stood at ₹ 3632 million after adjusting for exceptional items of ₹ 3487 million, mainly on account of impairment of goodwill in US clinical research business and unrealised exchange losses. Normalised EPS stood at ₹ 22.80 for the FY2012.

### Dividend

Your Directors recommend a dividend of 300% i.e. ₹ 3 per fully paid up equity share of ₹ 1 for the year ended March 31, 2012.

This will absorb ₹ 555 million (inclusive of tax) based on existing capital. The payment of dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting (AGM) of the Company.

### Capital Structure

#### (A) Foreign Currency Convertible Bonds (FCCBs)

During the year, the outstanding balance of FCCBs amounting to USD 142.10 million was redeemed. There are no further FCCBs outstanding.

#### (B) Employees Stock Options (ESOPs)

During the year, no Stock Options were granted under Jubilant Employees Stock Option Plan 2005.

As on March 31, 2012, 1,64,562 Stock Options were outstanding. Each Option entitles the holder to acquire five equity shares of ₹1 each at the exercise price fixed at the time of grant being market value as per the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (SEBI Guidelines). A maximum of 8,22,810 shares will be allotted by the Company / transferred from Jubilant Employees Welfare Trust upon exercise of these Options.

Further, during the year, your Company instituted JLL Employees Stock Option Plan, 2011, in terms of approval of shareholders accorded at the AGM held on August 23, 2011 and in accordance with SEBI Guidelines. Under this Plan, 8,91,383 Stock Options were granted during the year and as on March 31, 2012, 8,60,580 Stock Options were outstanding. Each Option entitles the holder to acquire one equity share of ₹ 1 at the exercise price fixed at the time of grant being market value as per the SEBI Guidelines.

No dilution of capital is expected due to ESOPs as it is envisaged to transfer the shares held by Jubilant Employees Welfare Trust to employees on exercise.

The disclosures required under Regulation 12 of the SEBI Guidelines are given in **Annexure A** and form part of this Report.

#### (C) Paid-up Capital

The Paid-up Capital as at March 31, 2012 stands at ₹ 159,281,139 comprising of 159,281,139 equity shares of ₹ 1 each, same as in previous year.

### Subsidiaries

Brief particulars of principal subsidiaries are given below:

#### Jubilant HollisterStier LLC

This subsidiary is based in Spokane, State of Washington, USA. It is a wholly owned subsidiary of HSL Holdings Inc. It is a recognized contract manufacturer of sterile injectables (vials and ampoules), lyophilized products, liquid fills, Biologics, Suspensions, WFI/Diluents and provides a complete range of services to support the pharmaceutical and biopharmaceutical industries. Additionally, it is a manufacturer of allergenic extracts, targeted primarily at treating allergies and asthma.

Its contract manufacturing capabilities include aseptic liquid fill / finishing and lyophilization in three distinct cGMP areas designated as Small Volume Parenteral (SVP), Small Lot Manufacturing (SLM) and Clinical Trial Manufacturing (CTM). Its capabilities can be applied to a variety of projects from pre-clinical through commercial scale across a multitude of dosage forms including microspheres, suspensions, WFI/diluents, biologics (proteins), lyophilized products and liposomes. Jubilant HollisterStier maintains an outstanding regulatory record with the FDA (CBER and CDER), EMA and Japan's and Brazil's regulatory agencies. Its contract manufacturing business serves customers including innovators ranging from small biotechnology to large pharmaceutical companies.

**Jubilant DraxImage Inc.** – This company is a wholly owned subsidiary of your Company through Jubilant Pharma Pte. Limited. It deals in radiopharmaceuticals which is a niche, high entry barrier business. DraxImage develops, manufactures and markets innovative diagnostic imaging radiopharmaceuticals solutions and therapeutic radiopharmaceutical products for the global market. The application of these products extends to cardiology, thyroid uptake and scan, lung scan, kidney imaging, bone scan etc.

This company is the major supplier of lyophilised radiopharmaceutical kits for use with Technetium – 99m including DRAXIMAGE MAA, MDP, DTPA, Glucoheptonte and Sestamibi. Its I-131 products are the market leaders in the US with more than 70% market share. These 131 products are currently the major revenue drivers. Radiopharmaceuticals are used for both therapeutic and diagnostic molecular imaging applications to customers comprising hospitals, imaging centres and cardiology / oncology clinics.

DraxImage also markets non-radioactive products, which are solid in lyophilized form.

This company operates a US FDA and Health Canada approved manufacturing facility at Montreal in Canada. It is recognised globally for its quality and execution capabilities, strong regulatory track record and has an established customer base comprising large innovator and specialty pharmaceutical companies.

**Jubilant Biosys Limited** – This company is a subsidiary of your Company through Jubilant Biosys (Singapore) Pte. Limited, wholly owned subsidiary of your Company, which holds 66.98% of the equity of this company.

This company provides Drug Discovery Services to global Pharmaceutical and Biotech companies in:

– Stand alone Service Model

  • Functional services in area of Discovery Informatics, Structural Biology and In Vivo & Invitro Biology on FTE or Fee based model.

– Collaborative / Partnership Model

  • Integrated discovery program across a single or a portfolio of molecules

  • Risk / Reward sharing option

– Research Funding

– Payments for scientific milestones including bonus achieved through Discovery and Development phase

– Royalties on successful commercialization of drug.

During 2011-12, this company has:

- consolidated its position in the Drug Discovery Services by providing services in integrated drug discovery programmes, functional service in structural biology, High thru put screening, Insilco modeling and In Vivo Biology and Invitro Biology;

- signed integrated programs deal with another major Pharma Janssen Pharmaceutical NV and Biotech companies Mnemosyne Pharmaceutical Inc and Norgine BV, Netherlands;

- successfully delivered a number of scientific milestones including a drug candidate in the Oncology Therapeutic Area.

**Jubilant Discovery Services Inc. -** This Delaware based USA corporation, is a wholly owned subsidiary of Jubilant Biosys Limited. Until June 2011 this company was primarily providing sales, marketing and liaising services to Jubilant Biosys Limited for its US based customers. During the year, this company has entered into research collaboration agreement with Jansen Pharmaceutical NV, and is also supporting electrophysiology services to Mnemosyne.

Jubilant Discovery Services Inc. has completed an important step in the realization of a long term strategy to extend capabilities in prosecuting ion channel targets and expanding the capabilities in other targets including GPCRS and Kinases. As part of company's strategy to extend its capabilities, company started the 'state of the art Discovery Center' in North America for ion Channel targets. This center is enabled with comprehensive discovery biology capabilities with a focus in Voltage gated and ligand gated ion channels, GPCRs and Kinases.

**Jubilant Chemsys Limited** – This company is a subsidiary of your Company through Jubilant Drug Development Pte. Limited, wholly owned subsidiary of your Company, which holds entire equity of this company. This company offers following services to drug discovery companies based out of US, Europe and Japan on Full Time Equivalent and molecule basis:

- Discovery Chemistry Functions

- Hit to Lead and Lead Optimization

- Medicinal Chemistry Services

- Scaling up from mg to kg in kilo lab and pilot plant

It also works closely with Jubilant Biosys Limited in collaborative drug discovery research services arena.

**Jubilant Clinsys Limited** – This company is a subsidiary of your Company through Jubilant Drug Development Pte. Limited, wholly owned subsidiary of your Company, which holds entire equity of this company. This company offers following services to pharmaceutical, biotechnology and medical device companies:

- Bio-analytical, Bio equivalence & Pharmacokinetics studies with 80 bed facility at Noida

- Clinical Trials from Phase I-IV

- Clinical Data Management studies

During 2011-12, this company has been able to sign major Clinical Trial (CT) contracts with Otsuka Pharma Development and Commercialization Inc., US, as part of its endeavor to enhance CT business.

**Jubilant Clinsys Inc.** – This New Jersey based USA corporation, is a wholly owned subsidiary of Jubilant Life Sciences Holdings Inc. and is a therapeutically focused full service clinical research organization.

This company has expertise in a wide range of highly specialized therapeutic areas including oncology, cardiovascular, central nervous system, respiratory, dermatology and allergy/immunology. It offers broad range of clinical research services to pharmaceutical, biotechnology and medical device companies in support of Phase II-IV drug and device development including project management, clinical monitoring, scientific and medical support, patient and investigator recruitment, site management, biostatistics, data management, drug safety, quality assurance, regulatory affairs and medical writing. This company has operations in Bedminster, New Jersey, Raleigh, North Carolina, Ottawa, Ontario and Dusseldorf.

**Jubilant Infrastructure Limited** – This wholly owned subsidiary of your Company had entered into a Memorandum of Understanding (MOU) with the Government of Gujarat during the 'Vibrant Gujarat' conference in 2007 for development of sector specific Special Economic Zone (SEZ) for Chemicals in Gujarat. About 107 hectares land was taken on lease from GIDC in Bharuch District, Gujarat.

During the year, this SEZ became operational and your

Company commenced commercial production of Unit-1. The finished products from this facility would be fully backward integrated and based on in-house developed innovative technologies, making it a hub for world class quality offering value to all stakeholders.

The global scale plants of Vitamin B3 and 3-Cyanopyridine, at SEZ make your Company the largest producer of Vitamin B3 in India and second largest globally.

Your Company is also setting up Unit-2, a manufacturing plant for Symtet, a crop science ingredient for one of the world's largest and safest low cost insecticide through an environment friendly process. This will make your Company the world's largest producer of the crop science ingredient for the insecticide through green route.

**Jubilant First Trust Healthcare Limited** - This company is in the business of healthcare and is involved in setting up an integrated hub-and-spoke network. The company owns two hospitals in West Bengal and a modern dialysis unit. Consequent upon acquisition of entire shareholding of First Trust Medicare Private Limited by your Company, this Company has become wholly owned subsidiary of your Company, 95.8% of its capital being held directly by your Company and 4.2% through First Trust Medicare Private Limited.

**Asia Healthcare Development Limited** - This company is a subsidiary of your Company through Jubilant First Trust Healthcare Limited, which holds 100% of its capital. This company runs a hospital in Behrampur, on a Public-Private-Partnership with Government of West Bengal.

### Cadista Holdings Inc. and Jubilant Cadista Pharmaceuticals Inc.

i) Cadista Holdings Inc., a Delaware based subsidiary of your Company, got registered with the Securities and Exchange Commission (SEC) during the year. The registration was obtained pursuant to mandatory requirements under the Securities and Exchange Act of 1934 according to which, where the total number of shareholders exceeds 500, a company has to get registered with SEC. However, such registration did not constitute an offering of securities by this company and no fresh money was raised pursuant to such registration. Your Company, through its subsidiary, Generic Pharmaceuticals Holdings Inc., holds 82.38% of common stock of this company.

ii) Jubilant Cadista Pharmaceuticals Inc., a corporation incorporated in Delaware, is a wholly owned subsidiary of Cadista Holdings Inc. This company is in the business of manufacturing solid dosage forms of generic pharmaceuticals, and has a US FDA approved manufacturing facility in the USA. Its customer base includes all large wholesalers, retail and grocery chains. Besides manufacturing its own label products, it also provides Product development and Contract manufacturing services. Over 10 products are commercialized in the US and Europe with focus in the therapeutic areas of CVS, CNS, Anti Allergic, Steroids etc. The company is the US market leader in 2 products and ranked among top 3 in 4 products and has a strong pipeline of product filings for future growth.

**Jubilant Life Sciences (USA) Inc.** – This Delaware based USA corporation, is a wholly owned subsidiary of your Company. It undertakes sales and distribution of advance intermediates, nutrition ingredients, fine chemicals and APIs in the USA.

**Jubilant Life Sciences (Shanghai) Limited** – This wholly owned subsidiary of your Company is held through Jubilant Pharma Pte. Limited It undertakes sales and distribution of products in China. It is into trading of advance intermediates - Pyridine & its derivatives, vitamins, fine chemicals and crop protection chemicals. It is catering to pharmaceutical, animal feed and agrochemical industries in China. This subsidiary is also a sourcing hub of raw materials for your Company.

**Jubilant Pharmaceuticals NV** - This is a wholly owned subsidiary of your Company through Jubilant Pharma NV, Belgium, which holds 99.8% of its shares and Jubilant Pharma Pte. Limited, Singapore which holds the balance shares, both of which are wholly owned subsidiaries of your Company. This company is engaged in the business of licensing of generic dosage forms and offers regulatory affairs services to generic pharmaceutical companies for the diverse European market. During the year, this company has started its operations of distribution of life science chemicals to European customers.

**PSI Supply NV** – This is a wholly owned subsidiary of your Company. 99.5% shares of this company are held by Jubilant Pharma NV and balance by Jubilant Pharma Pte. Limited. This company is engaged in the supply of generic dosage forms to European markets.

**Jubilant DraxImage Limited** –This is a wholly owned subsidiary of your Company through Draximage Limited, Cyprus. This company is engaged in marketing of innovative diagnostic imaging radiopharmaceutical solution and therapeutic products. It is providing wide range of radioisotopes which include Tc-99m Generator, Thallium-201 and Iodine-131 capsules, and solution for the diagnosis and treatment of Thyroid and its related disease. It has also launched the Lyophilized kits MDP, MAA and Sestamibi and would soon be launching DTPA.

**Vanthys Pharmaceutical Development Private Limited**- This Joint Venture between Eli Lilly and your Company was terminated during the year. Consequently, this company became subsidiary of your Company through Jubilant Innovation Pte. Limited.

### Other subsidiaries as at the year end are as follows:

First Trust Medicare Private Limited*

Jubilant Innovation (India) Limited

Jubilant Innovation Pte. Limited

Jubilant Biosys (Singapore) Pte. Limited

Jubilant Drug Development Pte. Limited

Jubilant Pharma Pte. Limited

Jubilant Life Sciences International Pte. Limited

Jubilant Innovation (BVI) Limited

Jubilant Life Sciences (BVI) Limited

Jubilant Biosys (BVI) Limited

Jubilant Innovation (USA) Inc.

Generic Pharmaceuticals Holdings, Inc.

Jubilant Life Sciences Holdings Inc.

HSL Holdings Inc.

Draximage LLC.

Jubilant DraxImage (USA) Inc.

Deprenyl Inc., USA

Draxis Pharma LLC

Jubilant HollisterStier Inc. (*(formerly Draxis Pharma Inc.)*

Draximage Limited, Cyprus

Draximage Limited, Ireland

Jubilant Pharma NV

6963196 Canada Inc.

6981364 Canada Inc.

Jubilant Drug Discovery & Development Services Inc.*

DAHI Animal Health (UK) Limited

Draximage (UK) Limited

Jubilant Life Sciences (Switzerland) AG

** became subsidiary during the year*

## Partnerships

### Jubilant HollisterStier General Partnership (*formerly known as Draxis Pharma General Partnership)*

It is a Canada based partnership among two subsidiaries of your Company - Jubilant HollisterStier Inc. *(formerly Draxis Pharma Inc.)* and Draxis Pharma LLC. This partnership is a recognized contract manufacturer of Non-Sterile products in semi-solid and solid dosage forms. Semi –solid dosage forms offerings are Dermatological creams, Antibiotic Ointments, Syrups, Suspensions and gels. Solid dosage forms offerings are Capsules, Tablets and Powder blends.

**Draximage General Partnership -** It is a Canada based partnership among two subsidiaries of your Company - Jubilant DraxImage Inc. and 6981364 Canada Inc.

## Consolidated Financial Statements

The Consolidated Financial Statements, in terms of Clause 32 of the Listing Agreement and prepared in accordance with AS-21 as specified in Companies (Accounting Standards) Rules, 2006 form part of the Annual Report.

## Particulars required as per Section 212 of the Companies Act, 1956

In terms of the general exemption granted by the Government of India vide its general circular no. 2/2011 dated February 08, 2011, from attaching the Directors' Reports, Balance Sheets, Profit & Loss Accounts and other particulars of the subsidiaries, the same have not been attached to this Report. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information upon request by any member of the Company or its subsidiary companies. The Annual Accounts of the subsidiary companies will also be kept open for inspection by any member at the registered office of the Company and the subsidiary companies during business hours.

## Fixed Deposits

No fresh deposits have been accepted by your Company during the year from the public. As on March 31, 2012, your Company had no outstanding Fixed Deposits. There were no overdue deposits. There were, however, 17 unclaimed deposits amounting to ₹ 0.24 million.

## Auditors

M/s. K. N. Gutgutia & Co., Chartered Accountants, [ICAI Registration Number - 304153E] Auditors of the Company, retire at the ensuing Annual General Meeting and offer themselves for re-appointment. They have confirmed that their re-appointment, if made, shall be within the limits laid down in Section 224 (1B) of the Companies Act, 1956.

## Cost Auditors

Pursuant to Section 233B of the Companies Act, 1956, the Central Government has prescribed audit of cost records for certain products.

Based on the recommendations of the Audit Committee, and with the approval of the Central Government, the Board of Directors had appointed M/s. J. K. Kabra & Co., Cost Accountants, [Firm Registration Number - 9] as Cost Auditors of the Company, for the financial year 2011-12.

The relevant cost audit reports for the financial year 2010-11 for Industrial Alcohol and Bulk Drugs & Formulations were filed on September 20, 2011, against the due date of September 27, 2011.

## Directors

Dr. Jag Mohan Khanna, Executive Director, retired from the services of the Company w.e.f. July 5, 2011. Unfortunately, the very next day, he suffered a stroke and despite best treatment, breathed his last on September 1, 2011. The Board places on record its deep sense of appreciation for Dr. Khanna's valuable contribution towards the growth of the Company during his tenure as a Board member.

In accordance with the provisions of the Act and the Articles of Association of the Company, Dr. Inder Mohan Verma, Mr. Abhay Havaldar and Mr. H.K. Khan retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

The Board of Directors in their meeting held on February 6, 2012 have re-appointed Mr. Shyam S. Bhartia as Chairman and Managing Director, and Mr. Hari S. Bhartia as Co-Chairman and Managing Director, for a further period of 5 years effective April 1, 2012. These re-appointments are subject to shareholders' approval.

## Directors' Responsibility Statement

In compliance of Section 217 (2AA) of the Companies Act, 1956, the Directors of your Company, based on the representation received from the management, confirm:

- that in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2012 and of the profit or loss of the Company for the year ended March 31, 2012;
- that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the Directors had prepared the annual accounts on a going concern basis.

## Conservation Of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, required to be made pursuant to Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is given in **Annexure B** and forms part of this Report.

## Employees

The particulars of employees, as required under Section 217(2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules, 1975, are given in **Annexure C** and form part of this Report.

## Corporate Governance

As a responsible corporate citizen, your Company is committed to maintain the highest standards of Corporate Governance and believes in adhering to the best corporate practices prevalent globally.

A detailed Report on Corporate Governance (**Annexure D**) and a certificate from the Auditors of the Company (**Annexure E**) confirming compliance of the conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges, have been given separately and form part of this Report.

A Certificate from the Chairman & Managing Director (**Annexure F**) confirming that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended March 31, 2012 is attached to the Corporate Governance Report and forms part of this Report.

A Certificate from CEO/CFO (**Annexure G**) *inter alia* certifying the accuracy of financial statements and the adequacy of the internal controls for financial reporting purposes, as stipulated in Clause 49(V) of the Listing Agreement with the Stock Exchanges, is also attached and forms part of this report.

## Secretarial Audit Report

As a measure of good corporate governance practice, the Company had appointed M/s. Sanjay Grover & Associates, Company Secretaries, to conduct Secretarial Audit of compliances and records of the Company for the financial year ended March 31, 2012. They have submitted their Report confirming the compliance of the applicable corporate laws. A copy of the Report is attached as **Annexure H**.

## Management Discussion & Analysis Report

The Management Discussion & Analysis Report on the operations of the Company, as required under the Listing Agreement with the Stock Exchanges has been given separately and forms part of this Report.

## Risk Management

Risk-taking is an inherent trait of any enterprise. However, if risks are not properly managed and controlled, they can affect the Company's ability to attain its objectives. Risk management and internal control systems play a key role in directing and guiding the Company's various activities by continually preventing and managing risks. The senior management team sets the overall tone and risk culture of the organization through defined and communicated corporate values, clearly assigned risk responsibilities, appropriately delegated authority, and a set of processes and guidelines. The Company has laid down procedures to inform Board members about the risk assessment and risk minimization procedures. The Company promotes strong ethical values and high levels of integrity in all our activities, which in itself is a significant risk mitigator.

With the growth strategy in place, risk management holds a key to the success of the Company's journey of continued competitive sustainability in attaining its desired business objectives.

A detailed note on Risk Management is given as part of "Management Discussion & Analysis".

## Certifications

Your Company follows several externally developed initiatives in the economic, environmental and social areas. Facilities of the Company at Gajraula, Nira, Savli, Nanjangud and Ambernath are ISO 9001:2008 certified for Quality Management System. These manufacturing facilities are also ISO 14001:2004 certified for Environmental Management System. For Occupational Health and Safety at work place, these manufacturing facilities are also certified to OHSAS 18001:2007. The locations of Gajraula, Nira and Savli are certified for Integrated Management System (IMS). Facilities at Savli are certified for FAMI- QS Version – 5 Quality in Feed Safety Management System. Gajraula Quality Control Laboratory has also been certified for chemical testing by NABL (National Accreditation Board for Testing and Calibration Laboratories) in accordance with the ISO / IEC 17025:2005. In addition to this, Gajraula Carbon Dioxide manufacturing facility has been certified for FSSC 22000:2012-Food Safety System Certification for production of food grade Carbon Dioxide. Ethyl Acetate & Acetic Anyhydride manufacturing facility has been approved for KOSHER certification.

Dosage Forms facility at Roorkee follows Good Manufacturing Practices (GMP) as per World Health Organisation (WHO) specifications in manufacturing and testing of pharmaceutical products and hence, has been granted WHO GMP certificate by the Drug Licensing and Controlling Authority, Uttarakhand. The facility is also approved by UK-MHRA (UK- Medicines and Healthcare Products Regulatory Agency) to export drugs to European Market. The other approvals for the facility are Jordan FDA, US FDA, Anvisa (Brazil), Japan PMDA and Kenyan Health Authorities.

Nanjangud plant has got US FDA (United States Food & Drug Administration) approval for exporting certain products to the US market. AFSSAPS (Agence Francaise de Securite Sanitaire des Produits de Sante -The French Health Products Safety Agency), GMP approval for certain products, PMDA approval (Pharmaceuticals and Medical Devices Agency, Japan) for exporting Risperidone HCl to the Japanese market, KFDA (Korea Food and Drug Administration) for exporting Valsartan and Losartan to Korean market, COFEPRIS approval for exporting Pinaverium Bromide to Mexican market, ANVISA, Brazil approval for exporting Carbamazepine to Brazil market and TGA, Australia approval for exporting certain products to Australia.

Plants producing Olanzapine and Losartan were audited and certified by the United States Pharmacopeia for the use of USP logo.

## Human Resource Management

We believe in an open, fair and transparent culture and stand by our promise of ***Caring, Sharing, Growing*** and make efforts to make Jubilant one of the best places to work for. In this direction, we have been conducting the Gallup employee engagement survey to gauge the organization's health. This allows us to track the proportion of engaged to actively disengaged employees so that mid-course corrections or interventions can be implemented.

We strive towards technology driven HR systems and processes and have implemented world renowned PeopleSoft based human resource management system **'Synergy HRIS'**. Its key features include employee personal and job database, self service features like reimbursements, pay slips, leaves, income tax declarations & computations, loans and exit process etc.

We have signed a policy on **CII Code of Conduct on Affirmative Action** that reconfirms our commitment that equal opportunity in employment for all sections of society is a component of our growth and competitiveness.

As on March 31, 2012, **658** of our employees at our manufacturing plants at Samlaya, Nira, Gajraula and Nanjangud, were members of unions or had collective bargaining capability. We enjoy cordial relations with our employees and there have been no instances of major strikes, lockouts or other disruptive labour disputes.

A detailed note on Human Resource Management is given in the "Management Discussion & Analysis".

## Investor Services

Your Company values its investors immensely. With a view to keeping its investors well informed of its activities, your Company has taken following initiatives:

- E-mailing to the shareholders, quarterly results, press releases and other similar communications soon after they are sent to the stock exchanges;
- User friendly Investor Section on the website of the Company www.jubl.com.
- A dedicated e-mail ID viz. investors@jubl.com for sending communications to the Company Secretary / Compliance Officer. Members may lodge their complaints or suggestions on this e-mail ID as well.
- Mailing feedback forms to investors on annual basis so as to obtain valuable feedback and suggestions for improvement. The Company has also placed an online Investor Feedback Form on its website www.jubl.com under the Investor Section to facilitate electronic submission of the Form.

## Awards and Accolades

During the year, various awards and accolades were received. These are:

### *Received by the Company*

- 'Golden Peacock National Quality Award - 2011' in Pharmaceutical Sector under Large Enterprises category, presented during the 22nd World Congress on Total Quality, organized in association with ET Now to Gajraula Plant, India;
- 'Certificate of Appreciation - Safety Awards 2010' - from National Safety Council of India, for Gajraula Plant, India;

- 2nd Prize in 'National Energy Conservation Awards - 2011', in the chemicals sector, for Gajraula Plant, India;
- 'The Economic Times - Frost & Sullivan India Manufacturing Excellence Gold Award – Process Sector, Medium Business' for the Pyridine & Picoline Plant at Gajraula, India;
- 'Certificate of Appreciation - Safety Awards 2010' from National Safety Council of India for Gajraula Plant, India;
- 'Indian Chemical Council Award for Social Responsibility' for the year 2010;
- 'Information Week EDGE Award 2011' (Enterprise Driving Growth & Excellence – through IT) from UBM (United Business Media Group);
- 'DHL - CNBC TV 18 International Trade Awards' 2010-11, powered by ICRA;
- 'Level 4 rating by The Karmayog Corporate Social Responsibility (CSR) Study on CSR Ratings of India's Largest 500 companies: 2009-10';
- 'International Quality & Productivity Centre (IQPC) Award (2011)' for the Best Innovative Continuous Improvement Project - Process Re-engineering implemented in North American Subsidiaries.

### *Received by Executives*

- Jubilant's Group CFO-Mr. R. Sankaraiah, chosen as the 'Best CFO in the Pharma and Healthcare Space' in 2011 in All Asia Executive Team Survey by Institutional Investor;
- Jubilant's CIO, India - Mr. Umesh Mehta, awarded CIO 100 by IDG India's CIO magazine for highest level of operational and strategic excellence in Information Technology.

### *Received by Subsidiary*

- 'Frost & Sullivan Award- Indian Contract Research Organization' of the Year - 2011 to Jubilant Biosys Limited.

## Green Initiatives

Your Company being committed to policy of sustainable development, has taken several green initiatives in its operations which include:

- Conducting Paperless Board Meetings;
- Publishing and circulating Corporate Sustainability Report on CD;
- E-mailing annual reports to shareholders who have opted for the electronic version.

## Corporate Sustainability Report

Corporate Social Responsibility at Jubilant is the commitment of business towards Inclusive Growth. Your Company remains focused on its policy of sustainable development by ensuring equal opportunities for all, Climate Change Mitigation, Environment, Health and Safety and Green Supply Management. Corporate Sustainability Report on the various social initiatives undertaken by the Company is duly audited by Ernst & Young, and conforms to the Global Reporting Initiative G3.1 Reporting Guidelines launched on March 23, 2011 by Global Reporting Initiative. As a part of our Sustainability Policy with the aim of mitigating impact on environment, like last year, this year too we are sending Corporate Sustainability Report in CD alongwith the Annual Report to our shareholders. The same is also available on your Company's website www.jubl.com.

Corporate Social Responsibility initiatives of your Company are conceptualized and implemented through Jubilant Bhartia Foundation (JBF), the social wing of Jubilant Bhartia Group established in 2007, as a not for profit organisation. JBF initiatives focus on primary education, basic healthcare and skill development for employability and self-sustenance. A summary of the activities of JBF is provided on its website www.jubilantbhartiafoundation.com.

## Acknowledgments

Your Directors acknowledge with gratitude the co-operation and assistance received from the Central and State Government Authorities. Your Directors thank the Shareholders, Private Equity Investors, Financial Institutions, Banks/other lenders, Customers, Vendors and other business associates for their confidence in the Company and its management and look forward to their continued support. The Board wishes to place on record its appreciation for the dedication and commitment of your Company's employees at all levels, which has continued to be our major strength.

For and on behalf of the Board

Noida
May 7, 2012

**Shyam S. Bhartia**
Chairman & Managing Director

## ANNEXURE – A

**Disclosures as per Regulation 12 of SEBI (ESOS & ESPS) Guidelines, 1999**

<table>
<tr><th>S. No.</th><th>Particulars</th><th>Plan 2005</th><th>Plan 2011</th></tr>
<tr><td>a)</td><td>Options granted during 2011-12</td><td>None</td><td>891,383</td></tr>
<tr><td>b)</td><td>Options granted upto March 31, 2012</td><td>754,250</td><td>891,383</td></tr>
<tr><td>c)</td><td>Pricing formula</td><td colspan="2">Market price of share as on the date of grant, as per SEBI Guidelines.</td></tr>
<tr><td>d)</td><td>Options vested upto March 31, 2012</td><td>470,953</td><td>None</td></tr>
<tr><td>e)</td><td>Options exercised upto March 31, 2012</td><td>328,969</td><td>None</td></tr>
<tr><td>f)</td><td>Total number of shares arising as a result of exercise of Options upto March 31, 2012</td><td>1,644,845 Equity Shares of ₹1 each</td><td>None</td></tr>
<tr><td>g)</td><td>Options lapsed upto March 31, 2012</td><td>260,719</td><td>30,803</td></tr>
<tr><td>h)</td><td>Variation of terms of Options upto March 31, 2012</td><td>
Modifications made on July 04, 2008:<br>
i) The vesting period for the Options granted upto August 28, 2009 was accelerated so that 10% of the Options vest on the 1st Anniversary of the Grant date and 90% vest on 2nd Anniversary of the Grant date subject to certain lock-in provisions. Summary of vesting and lock in provisions is given below:<br>
Vesting Schedule (with Lock in)<br>
Applicable for grants made upto August 28, 2009
<table>
<tr><td>Vesting Date</td><td>% of Options scheduled to vest</td><td>Lock-in Period</td></tr>
<tr><td>1 year from grant date</td><td>10</td><td>NIL</td></tr>
<tr><td>2 years from grant date</td><td>15</td><td>NIL</td></tr>
<tr><td>2 years from grant date</td><td>20</td><td>1 year from vesting date</td></tr>
<tr><td>2 years from grant date</td><td>25</td><td>2 years from vesting date</td></tr>
<tr><td>2 years from grant date</td><td>30</td><td>3 years from vesting date</td></tr>
</table>
ii) Modification carried out to explicitly provide for recovery of Fringe Benefit Tax from the respective employees in respect of the exercise of Stock Options by them, in terms of Section 115WKA of the Income Tax Act, 1961.<br>
Modification made on November 26, 2008:<br>
Jubilant Employees Welfare Trust was constituted for the purpose of acquisition of equity shares of the Company from the secondary market or subscription of shares from the Company, to hold the shares and to allocate / transfer these shares to eligible employees of the Company, on such terms and conditions as specified under the Jubilant Employees Stock Option Plan 2005.<br>
Modification made on August 28, 2009:<br>
The Options granted after August 28, 2009 will vest gradually over a period of 5 years from the grant date, without any lock in provisions. Summary of vesting and lock in provisions is given below:<br>
Vesting Schedule (without Lock in)<br>
Applicable for grants made after August 28, 2009
<table>
<tr><td>Vesting Date</td><td>% of Options scheduled to vest</td><td>Lock-in Period</td></tr>
<tr><td>1 year from grant date</td><td>10</td><td>NIL</td></tr>
</table>
</td><td>No Variation</td></tr>
</table>

<table>
<tr><td></td><td colspan="2"></td><td>2 years from grant date</td><td>15</td><td>NIL</td><td></td></tr>
<tr><td></td><td colspan="2"></td><td>3 years from grant date</td><td>20</td><td>NIL</td><td></td></tr>
<tr><td></td><td colspan="2"></td><td>4 years from grant date</td><td>25</td><td>NIL</td><td></td></tr>
<tr><td></td><td colspan="2"></td><td>5 years from grant date</td><td>30</td><td>NIL</td><td></td></tr>
<tr><td></td><td colspan="2"></td><td colspan="3">Modification made on September 28, 2010:<br>The Plan was modified to incorporate special provisions consequential to Scheme of Amalgamation & Demerger amongst the Company, Jubilant Industries Limited & Others and to provide:<br>(i) that an Option holder who is continuing with the Company, would be entitled to not only the equity shares of the Company but also the equity shares of Jubilant Industries Limited in accordance with the share exchange ratio i.e. One equity share of ₹ 10 each of Jubilant Industries Limited (JIL Share), free of cost, for every 20 equity shares of ₹ 1 each of the Company when such Option holder pays the exercise price in accordance with the Plan;<br>(ii) that the Lock-in provisions, in accordance with the Plan, wherever applicable to the equity shares of the Company will also apply to the JIL shares acquired by a Participant;<br>(iii) for other specific provisions applicable to Participant(s) transferred to Jubilant Industries Limited, including provision for accelerated vesting of Options on Effective Date, in case Options were granted at least one year before the Effective Date but not vested upto that date.</td><td></td></tr>
<tr><td>i)</td><td colspan="2">Money realized by exercise of Options upto March 31, 2012</td><td colspan="3">Received by the Company as subscription for allotment of 114,835 shares - ₹ 23,170,959.</td><td>NIL</td></tr>
<tr><td></td><td colspan="2"></td><td colspan="3">Received by Jubilant Employees Welfare Trust on transfer of 1,530,010 shares - ₹ 309,427,888</td><td>NIL</td></tr>
<tr><td></td><td colspan="2"></td><td colspan="3">Total - ₹ 332,598,847</td><td>NIL</td></tr>
<tr><td>j)</td><td colspan="2">Total number of Options in force upto March 31, 2012</td><td colspan="3">164,562</td><td>860,580</td></tr>
<tr><td>k)</td><td colspan="2">Employee-wise details of Options granted during 2011-12 to:</td><td colspan="3"></td><td></td></tr>
<tr><td></td><td>i)</td><td>senior management personnel;</td><td colspan="3">NIL</td><td>As per Annexure A(i)</td></tr>
<tr><td></td><td>ii)</td><td>any other employee who received a grant in any one year of Options amounting to 5% or more of Options granted during that year;</td><td colspan="3">NIL</td><td>NIL</td></tr>
<tr><td></td><td>iii)</td><td>identified employees who are granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant;</td><td colspan="3">NIL</td><td>NIL</td></tr>
<tr><td>l)</td><td colspan="2">Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard (AS) - 20.</td><td colspan="4">The Company has calculated the employee compensation cost using the intrinsic value method of accounting to account for Options issued under “Jubilant Employees Stock Option Plan 2005” and “Jubilant Employees Stock Option Plan 2011”. The stock based compensation cost as per the intrinsic value method for the financial year 2011-12 is NIL.</td></tr>
</table>

| | | | |
|---|---|---|---|
| m) | Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the Options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed | If the employee compensation cost was calculated as per the fair-value of options based on Black Scholes methodology, read with Guidance Note on "Accounting for Employee Share-based Payments" issued by Institute of Chartered Accountants of India, the total cost to be recognized in the financial statements for the year 2011-12 would be ₹ 19.36 million. The effect of adopting the fair value method on the net income and earnings per share is presented below:<br>Pro Forma Adjusted Net Income and Earnings Per Share: | |
| | | **Particulars** | **₹/Million** |
| | | **Net Income / (Loss)** - As Reported | (809.15) |
| | | Add: Intrinsic Value Compensation Cost | Nil |
| | | Less: Fair Value Compensation Cost (net of tax) | 12.78 |
| | | **Adjusted Pro Forma Net Income / (Loss)** | **(821.93)** |
| | | Earnings Per Share of ₹ 1 each | |
| | | Basic (In ₹) | |
| | | As Reported | (5.08) |
| | | Adjusted Proforma | (5.16) |
| | | Earnings Per Share of ₹ 1 each | |
| | | Diluted (In ₹) | |
| | | As Reported | (5.08) |
| | | Adjusted Proforma | (5.16) |
| n) | Weighted-average exercise prices and weighted-average fair values of Options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the Stock Options | (i) Where exercise price equals the market price of the Options:<br>- Weighted average of exercise prices of Options: ₹ 226.89<br>- Weighted average of fair values of Options: ₹ 104.05 | (i) Where exercise price equals the market price of the Options:<br>- Weighted average of exercise prices of Options: ₹ 199.20<br>- Weighted average of fair values of Options: ₹ 102.17 |
| | | (ii) Where exercise price exceeds the market price of the Options: **Not applicable** | (ii) Where exercise price exceeds the market price of the Options: **Not applicable** |
| | | (iii) Where exercise price is less than the market price of the Options: **Not applicable** | (iii) Where exercise price is less than the market price of the Options: **Not applicable** |
| o) | A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information: | Not applicable as no Options were granted during the year. | The fair value has been calculated using the Black Scholes Option Pricing Model. |

| | | October 24, 2011 | February 6, 2012 |
|---|---|---|---|
| i) | date of grant | October 24, 2011 | February 6, 2012 |
| ii) | risk-free interest rate | 8.81% | 8.18% |
| iii) | expected life | 5.65 years | 5.65 years |
| iv) | expected volatility | 42.71% | 41.60% |
| v) | expected dividends and | 0.53% | 0.53% |
| vi) | the price of the underlying share in market at the time of Option grant. | 200.05 | 174.90 |

## ANNEXURE – A(i)

**Employee-wise Details of Options granted during 2011-12 to Senior Managerial Personnel under JLL Employees Stock Option Plan, 2011**

| S.No. | Name of Employee | No. of Options Granted |
|---|---|---|
| 1 | Mr. Sridhar M. Mosur | 53,731 |
| 2 | Mr. Shyamsundar Bang | 50,591 |
| 3 | Mr. R. Sankaraiah | 50,591 |
| 4 | Mr. Marcelo Morales | 39,931 |
| 5 | Dr. Ashutosh Agarwal | 37,432 |
| 6 | Mr. Pramod Yadav | 35,100 |
| 7 | Mr. Rajesh Kumar Srivastava | 35,100 |
| 8 | Mr. Neeraj Agrawal | 33,574 |
| 9 | Mr. Scott Delaney | 28,930 |
| 10 | Mr. Ajay Khanna | 23,620 |
| 11 | Dr. V. N. Balaji | 19,365 |
| 12 | Mr. Anant Pande | 19,089 |
| 13 | Mr. Chandan Singh Sengar | 19,019 |
| 14 | Dr. Goutam Muhuri | 17,764 |
| 15 | Mr. V. P. Khare | 14,660 |
| 16 | Mr. Anil Kumar | 12,765 |
| 17 | Mr. A. P. Srivastava | 11,570 |
| 18 | Mr. Sudhir Singh | 10,258 |
| 19 | Dr. Inder Mohan Verma | 10,138 |
| 20 | Mr. Vinod Sivarama Krishnan | 9,853 |
| 21 | Mr. Prakash Chandra Bisht | 9,839 |
| 22 | Mr. Vimal Deep Kulshrestha | 9,815 |
| 23 | Mr. Amit Arora | 9,535 |
| 24 | Mr. P. K. Verma | 9,360 |
| 25 | Mr. Arun K Sharma | 9,301 |
| 26 | Ms. Kankana Barua | 8,514 |
| 27 | Mr. Kulbhushan Gupta | 8,141 |
| 28 | Mr. Ravindra Tiwari | 7,729 |
| 29 | Mr. H. K. Khan | 7,500 |
| 30 | Mr. Surendra Singh | 7,500 |
| 31 | Dr. Naresh Trehan | 7,500 |
| 32 | Mr. Shardul S. Shroff | 7,500 |
| 33 | Dr. Yogendra Kumar Saxena | 6,008 |
| 34 | Mr. Devinder Sharma | 3,566 |
| 35 | Ms. Nidhi Aggarwal | 2,931 |
| 36 | Mr. Lalit Kumar Jain | 2,420 |
| 37 | Dr. Shankara Subramanian | 1,319 |

## ANNEXURE – B

**DISCLOSURE UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988**

**A. Conservation of Energy**

**(a) Energy Conservation Measures Taken**

- To reduce steam consumption norm from 15.0 to 14.0 MT/MT PB Production
- To increase extraction by utilising 8.0 Kg/Cm$^2$g steam instead of 15.0 Kg/Cm$^2$ g steam
- Installation of Thermo compressor to create additional extraction demand at 8 Kg/cm2
- Energy recovery from superheat of extraction steam from TG-5
- To reduce steam consumption from 2.19 to 2.08 MT/MT in AC2O -1 plant
- To reduce variable cost in fuel consumption (Coal & RFO) in AC2O Production
- To reduce steam consumption norm from 2.82 to 2.65 MT/MT EA Production (Reflux Optimization)
- Flash steam recovery & utilisation in FCE
- Increasing Steam/Fuel ratio of 15 TPH boiler more than 11.3
- Reduction in power consumption of Chiller at site
- To reduce Steam Norm in EOU Pyridine & Picoline plant
- To reduce Steam Norm 2.2 to 2.1 T/MT AC2O Production
- To reduce Steam Norm 3.0 to 2.75 T/MT EA Production
- Fuel reduction in distillation at MPP plant

**(b) Additional Investment and Proposals, if any, being implemented for reduction of consumption of energy**

- To reduce Ethyl Acetate norm from 2.78 to 1.00 Kg/Kg in CPC production
- To reduce Fresh THF norm from 2.58 to 1.63 in Azacyclonol production
- To reduce solid waste generation from 8 Kg/MT to 4 Kg/MT AC2O production due to Vacuum distillation
- Solvent recycle of Toluene, MDC, Methanol, MDC, Methanol, MDC and EA (Stage Specific)
- Reduction in steam, chilled water & chilled brine power consumption
- Solvent Recovery (Toluene & Acetone) for Meclizine (PLANT V)
- To recover and recycle the MDC in Valsartan (VAL 2) from 50% to 75%
- Improvement in Dry CC 60% capacity to 800 TPM (Phase-1) and 890 TPM (Phase-2)
- To reduce the cost of the 2,3-Lutidine from 393 to 285 ₹/Kg (IPA, Steam, Oxalic)

Expected investment in above initiatives is ₹ 49 million approx.

**(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods**

- Reduction in steam and power consumption norms
- Improvements in process & norms
    1. Saving due to (a) conservation of energy: ₹ 67 million per annum, approx.
    2. Saving due to (b): ₹ 289 million per annum, approx.

**(d) Total Energy Consumption and Energy Consumption per unit of production**

## FORM A

***A. Power & Fuel Consumption***

| | | | 2011-12 | 2010-11 |
|---|---|---|---|---|
| 1. | **Electricity** | | | |
| | a. Purchased | | | |
| | i) Units | KWH | 75,063,054.00 | 53,343,061.00 |
| | ii) Total Amount | ₹ in million | 491.63 | 286.50 |
| | iii) Rate / unit | ₹/KWH | 6.55 | 5.37 |
| | b. Own Generation | | | |
| | - Through DG | | | |
| | i) Units | KWH | 3,968,770.00 | 3,975,165.00 |
| | ii) Unit per litre of RFO/LDO | KWH/LTR | 3.43 | 3.43 |
| | iii) Cost / unit | ₹/KWH | 11.71 | 9.25 |
| | - Through Steam Turbine Generator * | | | |
| | i) Units | KWH | 150,144,401.00 | 135,959,656.00 |
| | ii) Units per MT of Steam | KWH/MT | 497.43 | 428.69 |
| | iii) Cost / unit | ₹/KWH | 2.14 | 2.16 |
| 2. | **Coal**** | | | |
| | Quantity | MT | 387,751.51 | 347,989.16 |
| | Total Cost | ₹ in million | 1,421.25 | 1,038.83 |
| | Average Rate | ₹/MT | 3,665.37 | 2,985.24 |
| 3. | **Steam Purchased** | | | |
| | Quantity | MT | 110,975.71 | 66,672.79 |
| | Total Cost | ₹ in million | 187.99 | 63.11 |
| | Average Rate | ₹/MT | 1,694.00 | 946.54 |
| 4. | **Furnace Oil** | | | |
| | Quantity | KL | 15,144.93 | 22,494.37 |
| | Total Cost | ₹ in million | 582.63 | 686.74 |
| | Average Rate | ₹/KL | 38,470.09 | 30,529.56 |
| 5. | **Natural Gas** | | | |
| | Quantity | $SM^3$ | 634,624.00 | --- |
| | Total Cost | ₹ in million | 14.96 | --- |
| | Average Rate | ₹/$SM^3$ | 23.58 | --- |
| 6. | **Biomass Briquetts** | | | |
| | Quantity | MT | 2,813.00 | 3,264.00 |
| | Total Cost | ₹ in million | 13.61 | 14.53 |
| | Average Rate | ₹/MT | 4,837.00 | 4,452.13 |
| 7. | **Others/Internal Generation** | | | |
| | **Internal Generation - Biogas** | | | |
| | Quantity | $NM^3$ | 31,752,935.00 | 10,696,136.00 |
| | Total Cost *** | ₹ in million | 17.01 | 4.68 |
| | Average Rate | ₹/$NM^3$ | 0.54 | 0.44 |

* Steam is produced in boilers using coal, fuel and gas.
** E grade coal is used for power generation and C/D grade is used for steam generation.
*** No raw material cost as it is produced from waste water only.

*B. Consumption per Unit of Production*

| | | 2011-12 | 2010-11 |
|---|---|---|---|
| **Pharmaceuticals & Life Science Chemicals** | | | |
| Electricity | KWH/MT | 382.55 | 364.62 |
| Steam | MT/MT | 3.38 | 3.28 |
| Furnace Oil | LT/MT | 21.66 | 49.14 |
| Coal | MT/MT | 0.02 | 0.01 |
| Natural Gas | SM3/MT | 1.55 | |
| Biomass Briquetts | MT/MT | 0.01 | 0.01 |
| Bio Gas | NM3/MT | 45.19 | 9.62 |
| **Pharmaceuticals & Life Science Chemicals(DOSAGE)** | | | |
| Electricity | KWH/NO. | 0.01 | 0.03 |
| Steam | MT/NO. | 0.00 | 0.00 |
| Furnace Oil | LT/NO. | 0.00 | 0.00 |
| Bio Gas | NM3/NO. | - | - |

Furnace oil has been replaced by Biogas in some plants, hence Biogas consumption per unit of production is higher

**B. Technology Absorption**

**(a) Research and Development (R&D)**

The Company has R&D Centres in India at Noida, Gajraula, Nanjangud and Samlaya. The Company has 492 R&D Employees out of which 88 are doctorates and others are post graduates and graduates. R&D supports the activities of various businesses through new product and process development, process optimization, absorption technology and establishing technologies at commercial scale, focusing green chemistry guidelines. R&D is a focal point for continuous improvements of existing processes throughout the life cycle of the product. A Special emphasis is laid to explore conversion of batch processes to continuation processes including use of micro reactors.

## FORM B

**1. Specific areas in which R&D carried out by the Company:**

**(i) Active Pharmaceutical Ingredients and Dosage Forms**

- Non-infringing Process development of generic Active Pharmaceutical Ingredients (APIs)
- Non-infringing process development of generic high potency APIs
- Selection & optimisation of optimum PolyState Form of generic APIs
- Value creation in existing APIs through process improvement
- Development of chiral molecules through chemical and biological process
- Development of generic solid oral dosage forms for Human and Veterinary use meeting the Global Regulatory requirements
- Development of Novel Drug Delivery System
- Development of new validated analytical methods for non-compendia products and sending them to Pharmacopoeial committee for inclusion in the Pharmacopoeia
- Electronic submissions of ANDA filings in Regulated and Emerging markets

**(ii) Biotechnology**

- Bioethanol
- Microbial processes for the treatment of industrial effluents
- Bio composting

**(iii) Fine Chemicals and Proprietary Products**

- Product/process developments in the area of pyridine and its derivatives and related heterocyclic chemistry
- Development of advance heterogeneous catalysts
- Extension of chemistry skills to non-heterocyclic compounds
- Value creation in existing key products through process improvements / process intensification
- Chiral compounds
- Technology development of vitamins, especially B-3
- Development of animal health care products

**(iv) Contract Manufacturing Outsourcing (CMO) and Drug Discovery & Development Services (DDDS)**

- Process development & optimization for Innovator, Biotech & generic Pharmaceutical companies on FTE and Molecule basis, by providing creative chemical solutions

- Analytical protocol development service on FTE and Molecule basis
- Small-scale exclusive custom synthesis for pre-clinical and clinical studies

**2. Benefits derived as a result of the above R&D**

- Strong position in generic Pharma businesses in regulated markets
- During the year, 13 Abbreviated New Drug Applications (ANDAs) were filed with the USFDA and 3 ANDAs approvals received, 7 EU MA's were filed and 5 EU MA`s approvals received, 245 ROW applications were filed and 33 approvals received, and 9 Canada applications were filed.
- 29 ANDAs and 3 EU MA's are under review with the regulatory agencies
- During the year, the Company filed 7 USDMFs, 2 EDMFs, 2 Canada DMFs, 1 AUS DMF, 2 Singapore DMFs, 9 Taiwan DMFs, 6 Russia Registration, 3 China Registration, 10 CEPs (COSs)
- Partners of choice for global pharmaceuticals and agrochemical companies
- Global leadership in selected segments of our business
- Development of new products
- Generation of own IPRs to provide competitive edge and during the year 16 Process Patents were filed and 7 Process Patents granted for Chemicals and Life Science Ingredients
- Major growth in export of our products
- Competitiveness in cost and quality
- Effective effluent management

**3. Future Action Plan**

- Process development for identified Active Pharmaceutical Ingredients and high potency products
- Process development for identified dosage forms
- Novel Drug Delivery System research for new dosage forms
- Process development/improvement of new derivatives of Pyridine and related heterocyclic chemicals
- Process development for non-heterocyclic chemicals leveraging existing skills
- Development of New Vitamins technologies
- Bio transformations for the manufacture of fine and specialty chemicals
- Synthesis of chiral compounds
- Improvement in the fermentation technology and effluent management
- Continue use of statistical tools (six sigma) in R&D's for enhanced efficiency
- Radio Pharmaceutical & Allergy Research

**4. Expenditure on R&D**

(₹ in million)

| | | 2011-12 | 2010-11 |
|---|---|---|---|
| (a) | Capital | 701.99 | 506.24 |
| (b) | Recurring | 345.69 | 293.22 |
| (c) | Total | 1047.68 | 799.46 |
| (d) | Total R&D expenditure as a percentage of turnover | 3.97 % | 3.63% |

## Technology Absorption, Adaptation and Innovation:

**1. Efforts, in brief, made towards technology absorption, adaptation and innovation**

Research & Development plays a vital role in developing and adopting new technologies to enhance our operational efficiencies. We develop new technologies at the lab scale and the scientists and manufacturing engineers work in close co-ordination to seamlessly scale-up the processes to commercial scale without losing on the efficiency of the process with a lead-time comparable to the best in the industry. Six Sigma initiatives at plants and R&D support the adoption of new technologies and enhancing the efficiencies of our manufacturing plants to provide better services to our customers.

**2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.**

The innovation in all the areas of our business results in new and more efficient products, which helps in improvement of the performance of our customers. Our R&D is grounded in business reality and we measure the performance of our R&D through the new product launches over the last five years and their contribution to the net sales of our Company.

These continuous efforts result in more cost effective and improved services to our customers.

**3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year): Not Applicable**

| Technology Imported | Year of import | Has technology been fully absorbed? | If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action. |
|---|---|---|---|
| -------------------- NIL ---------------------- | | | |

**C. Foreign Exchange Earnings and Outgo**

**a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services; and export plans**

- Activities relating to exports

  Jubilant achieved 20% export growth over the previous year in value terms. During FY 2012, exports were ₹ 13,679 million, as compared to ₹ 11,391 million in the previous year. Exports continued to contribute over 50% of Net Revenue from Operations during FY 2012.

- Initiatives taken to increase exports

  The Company performed well in its exports to Americas & Europe and its growth grew by 25% during FY 2012 as compared to the previous year. The company's exports to Americas & Europe were ₹ 8471million during FY 2012 as against ₹ 6761 million of the previous year. The company during the year expanded its geographical base with its entry in new European countries and emerging markets. The Company is making big inroads in Neutraceuticals intermediaries markets in Korea, Japan and now, in China (appox ₹ 550 million). In China, though the prices were under pressure, the Company maintained its market share in Pyridine segment, rather it increased in volumetric terms. Further, Pyridine volumes have crossed 12000 MT in China which is a record share. Acetyls demand is growing substantially in European market through our own warehousing at Antwerp.

  The Company continues to focus on Customer Satisfaction through "Customer Satisfaction Index" on quarterly basis.

- Development of new export markets for products and services

  Several new customers were added within the existing strong markets of Asia Pacific and Middle-East. The Company initiated several key discussions with large Pharmaceutical companies for development of intermediates in markets of South Korea, Japan and Europe.

  The Company substantially increased bulk exports of its Acetyls products which cater to major end use segments of Packaging, Printing ink, Starch Derivatives and Cellulose Acetate manufacturing in Europe, through its own warehouse in Antwerp, Belgium which helps in quick and timely deliveries to customers.

  The Company enhanced its presence in core activity of Life Sciences Ingredients by adding new products to the existing portfolio for the global pharmaceutical and agro chemical majors. The Company had developed several key intermediates. The Company has continued its foray as responsible and reliable supplies of intermediaries and services to Global Pharmaceutical and Agrochemical majors which have resulted in exclusive manufacturing and development contracts.

- Export Plans

  Going forward, the Company intends to keep its focus on being Pharmaceuticals and Life Sciences major across the established markets, and introduce number of products in the new markets. Your Company would strive to sustain the existing business with its focus continuing on Proprietary Products in China. The Company is focusing on Asian markets for Acetyls and nutritional products. Your Company would emphasize on giving customized service and being reliable partner, as product's quality is already well established in Europe, USA and Japan.

  Your Company has started distribution of Vitamins through its warehouse at Antwerp, Belgium.

  You Company has already entered into contracts with major Agrochemical companies to ensure smooth supplies of Symtet, an intermediate for Chloroprifos, from Company's new SEZ manufacturing site from May 2012 onwards. Your Company has entered with major consumers of 2-Chloro Pyridine in Korea and Japan to cater to Nutraceutical segment in a sustainable way.

- Approach towards Foreign Exchange Risk Management

  The Company enters into foreign exchange forward contracts, currency and interest rate derivative transactions for the purpose of managing the risks on its receivables/payables, managing its assets or liabilities or in connection with a line of business and not for any purpose other than those permitted by the Reserve Bank of India.

**(b) Total foreign exchange used and earned**

(₹ in million)

| | 2011-12 | 2010-11 |
|---|---|---|
| Foreign exchange used | 10,295 | 7,080 |
| Foreign exchange earned | 13,679 | 11,393 |

## ANNEXURE – C

**STATEMENT U/S 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2012**

| S. No. | Employee Name | Designation & Nature of Duties | Qualification | Total Work Experience (Years) | Date of Commencement of Employment | Age | Remuneration (₹) | Previous Employment held | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Designation | Name of the Company |
| A | Employed for Full Year and in Receipt of Remuneration for the Year which in Aggregate was not less than ₹ 6,000,000 | | | | | | | | |
| 1 | Agarwal Ashutosh (Dr.) | CSO - Chemicals & Life Science Ingredients | M.Sc, Ph.D. | 32 | Aug 20, 98 | 54 | 17,078,756 | DGM - Organic Chemical Business | Ballarpur Industries Ltd. |
| 2 | Aggarwal Nidhi | Senior Vice President - Investor Relations | B.Com., MBA, DBF | 21 | Sep 01, 10 | 45 | 6,203,002 | AED - Investor Relation | Dalmia Cement (Bharat) Ltd. |
| 3 | Agrawal Neeraj | CEO - Generics | B.Tech. (Elect.), MBA | 15 | June 02, 03 | 39 | 16,608,386 | Business Stretegy | Mckinsey & Company |
| 4 | Arora Amit | Senior Vice President - Financial Planning & Analysis | CA, CWA | 18 | Aug 12, 10 | 41 | 6,827,493 | Vice President - Finance Operations | HSBC Electronic Data Processing India Pvt. Ltd. |
| 5 | *Bang Shyamsundar | Executive Director - Manufacturing & Supply Chain Operation | B.Tech. M.Tech. | 42 | Feb 01, 97 | 61 | 18,678,566 | President | Enpro India Ltd. |
| 6 | Bhaskar Rajesh | Head - R&D Formulations | M.Pharma | 27 | July 26, 04 | 52 | 9,319,570 | Associate Director | Ranbaxy Laboratories Ltd. |
| 7 | Bisht Prakash Chandra | Senior Vice President - Group Accounts | B.Com., CA | 25 | Apr 23, 09 | 48 | 6,965,964 | Head-Accounts | Apollo Tyres Ltd. |
| 8 | Dixit Mukul | Senior Vice President - Projects Execution | B.E. (Chemical) | 27 | July 24, 07 | 49 | 6,186,251 | ED-Operations | Chemplast Sanmer Ltd. |
| 9 | Gupta Kulbhushan | Head of Business Excellance & Six Sigma | B.E. | 17 | Aug 18, 03 | 40 | 8,788,907 | Quality Leader Training Devlopment | IGE Ltd. |
| 10 | Khanna Ajay | President-Strategy & Corporate Affairs | B.Com., LLB | 23 | June 01, 09 | 52 | 13,806,331 | Partner | Accenture |
| 11 | Khare V P | President - International Sales | B.Sc., Diploma in Export Marketing | 37 | May 15, 98 | 55 | 7,142,221 | Deputy General Manager | Rajasthan Petro & Synthetics Ltd. |
| 12 | Kulshrestha Vimal Deep | Senior Vice President & Business Unit Head - Ethanol & Speciality Gases | B.Tech. (Chemical Engg.) | 25 | June 28, 95 | 47 | 6,538,833 | Asstt. Manager - Poly | Modipon Fibers Company |
| 13 | Kumar Anil | President-Projects | B.Tech. (Chemical) | 36 | Jan 24, 06 | 59 | 9,776,054 | President-Technical | Bajaj Hindustan Ltd. |

| S. No. | Employee Name | Designation & Nature of Duties | Qualification | Total Work Experience (Years) | Date of Commencement of Employment | Age | Remuneration (₹) | Previous Employment held | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Designation | Name of the Company |
| 14 | Mitra Biswajit | Senior Vice President - Operations | B.Sc. (Chem), B.Tech. (Chem), Diploma Indus Safety | 24 | Sept 20, 07 | 50 | 6,843,849 | Sr.Director | Dr.Reddy's Laboratories Ltd. |
| 15 | Muhuri Goutam (Dr.) | President R&D - Dosage Forms | M.Pharma, Ph.D. | 21 | Dec 15, 10 | 53 | 10,459,492 | Director-Pharmaceutical Research and Development | Teva Pharmaceuticals Inc., New York |
| 16 | Pande Anant | President - Manufacturing | B.E. (Hons)-Chemical, M.Sc. (Hons)-Chemistry | 25 | April 12, 10 | 49 | 12,529,629 | Chief Operating Officer | Indo Greenfuel Pvt. Ltd. |
| 17 | Rao T Venkataswara | Business Unit Head - Fine Chemicals | B.Sc., PGDBM | 29 | July 17, 86 | 54 | 6,804,479 | Sales Officer | Punjab Alkalies & Chemicals Ltd. |
| 18 | Sahrawat Samai Singh | Senior Vice President - HR | MSW | 33 | April 03, 89 | 57 | 6,937,341 | Assistant Manager | Hero Honda Motors Ltd. |
| 19 | Sankaraiah R | Executive Director - Finance | B.Sc., FCA | 28 | Sept 09, 02 | 53 | 28,063,627 | GM Finance | SRF Ltd. |
| 20 | Sengar Chandan Singh | President-Acetyls & Ethanol | B.Sc., MBA | 26 | July 13, 88 | 48 | 10,020,008 | Assistant Officer | J.K.Synthetics Ltd. |
| 21 | Sharma Arun K | Senior Vice President - Group Finance | B.Sc., CA | 23 | Aug 27, 03 | 46 | 7,987,146 | GM - Treasury & Financial Resources | Escorts Ltd. |
| 22 | Soni Manoj Devendra | President - Supply Chain | B.Tech. (Mechanical) | 27 | July 20, 07 | 50 | 7,842,203 | GM - Supply Chain | New Holland Tractors |
| 23 | Srivastava A P | Senior Vice President - Corporate Affairs | B.A. | 39 | Nov 17, 90 | 66 | 7,520,112 | Manager | Reliance Industries Ltd. |
| 24 | Srivastava Rajesh Kumar | CEO-Fine Chemicals & CRAMS | B.Tech., MMM | 25 | Aug 19, 00 | 47 | 16,559,487 | Marketing Manager | Ranbaxy Fine Chemicals Ltd. |
| 25 | Trivedi Vinod Kumar | Senior Vice President - Manufacturing (Unit Head) | B.E. (Chemical) | 32 | July 04, 07 | 52 | 7,011,573 | President & Head | Kanoria Chemicals & Industries Ltd. |
| 26 | Venkatraman Prakash | Growth Unit Head - API | B.E., MBA | 21 | May 10, 10 | 46 | 7,909,152 | Associate Vice President | Wockhardt Ltd. |
| 27 | Yadav Pramod | CEO - Advance Intermediates & Nutritional Products | B.Sc. (Tech), MMM | 25 | Sep 04, 95 | 49 | 16,716,351 | Marketing Manager (North) | Bhansali Engg. Polymers Ltd. |

| S. No. | Employee Name | Designation & Nature of Duties | Qualification | Total Work Experience (Years) | Date of Commencement of Employment | Age | Remuneration (₹) | Previous Employment held | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Designation | Name of the Company |
| **B.** | **Employed for Part of the Year and in Receipt of Remuneration which in aggregate was not less than ₹ 500,000 p.m.** | | | | | | | | |
| 1 | *Khanna Jag Mohan (Dr.) | Executive Director - Science & Technology | M.Sc., Ph.D. | 45 | Aug 16, 02 | 70 | 19,506,223 | President (R&D) | Ranbaxy Laboratories Ltd. |
| 2 | Krishnan Vinod Sivarama | CIO - Global | B.E. (Electrical), PGDBM | 15 | Sep 01, 10 | 42 | 7,473,649 | CIO | Palladyne International Asset Management BV |
| 3 | S Mahadevan | Vice President - Legal | B.Sc., CWA, CS, LLB | 20 | Jan 19, 12, | 52 | 1,517,237 | Head - Legal | Landmark Retail Holding, Dubai |
| 4 | Mukherji Gour (Dr.) | Head-Novel Drug Discovery Services | Ph.D. | 25 | March 01, 05 | 52 | 6,731,892 | Vice President | Wockhardt Research Center |
| 5 | Saxena Yogendra Kumar | Chief of EHS & Sustainability | M.Sc., Ph.D. | 30 | Dec 19, 08 | 57 | 7,262,107 | Sr.Vice President (Environment) | Gujarat Ambuja Cements Ltd. |
| 6 | Sharma Vijaykumar Purshottamlal | CEO - Speciality Pharma | MMS | 21 | July 26, 11 | 46 | 4,473,156 | Head International Business | Piramal Healthcare Ltd. |
| 7 | Singh Sanjay | Head Human Resources (Global) | B. Sc., PG Diploma - PM & IR | 20 | June 23, 09 | 44 | 4,317,221 | Vice President-HR | Whirlpool of India Ltd. |
| 8 | Treasure Cecil Prem | Chief of Human Resources | PG in Personnel Management, LLB | 22 | Oct 18, 11 | 51 | 3,640,461 | Director HR | Thermo Fisher Scientific Inc. |

**Notes:**

1. *Employment of these are/were contractual. Employments of others are governed by the rules and regulations of the Company from time to time.
2. All above persons are/were full time employees of the Company.
3. None of the above employees is related to any Director of the Company.
4. No employee out of above, falls within the meaning of Section 217(2A)(a)(iii) of the Companies Act, 1956.
5. Remuneration comprises salary, allowances and perquisites / taxable value of perquisites including perquisite value of ESOPs exercised.

**Abbreviations:**

AED-Associate Executive Director; AVP - Associate Vice President; CEO - Chief Executive officer; CIO- Chief Information Officer; CSO-Chief Scientific Officer; DGM-Deputy General Manager; EHS- Environment, Health & Safety; GM-General Manager; VP-Vice President; Sr. VP - Senior Vice President.

# Report On Corporate Governance

## ANNEXURE – D

### a) Company's Philosophy

At Jubilant Life Sciences ('the Company' or 'Jubilant'), Corporate Governance is both a tradition and a way of life. We believe in delivering on our promise of *Caring, Sharing, Growing,* which spells:

*"We will, with utmost care for the environment, continue to enhance value for our customers by providing innovative products and economically efficient solutions and for our shareholders through sales growth, cost effectiveness and wise investment of resources."*

The Company's Corporate Governance philosophy is led by core principles of:

- Caring for the environment which includes caring for the society around us
- Enhancement of stakeholders' value through pursuit of excellence, efficiency of operations, quest for growth and continuous innovation
- Transparency, promptness and fairness in disclosures to and communication with all stakeholders including shareholders, government authorities, customers, suppliers, lenders, employees and the community at large
- Complying with laws in letter as well as in spirit

The highlights of Jubilant's Corporate Governance Regime are:

- Appropriate mix of Executive and Non-Executive Independent Directors on the Board with two-third Independent Directors bringing in expertise in diverse areas
- Constitution of several Board Committees for focused attention and proactive flow of information
- Major Committees like Audit and Remuneration Committee comprise entirely of Independent Directors
- Emphasis on ethical business conduct by the Board, management and employees
- Employee Stock Option Plan – to attract, reward and retain key senior executives
- Active employee participation in place; one top executive on the Board of Directors
- Business excellence through 'Velocity' initiatives like Six Sigma, lean and world class manufacturing
- Online monitoring of internal controls on all operations spanning around 1600 control assertions through especially designed software and voluntary documentation as per Sarbanes-Oxley Act of USA
- Robust Risk Management and Control Mapping for each of the businesses and for the Company as a whole
- Timely, transparent and regular disclosures
- Effective control on statutory compliances by quarterly online reporting and presentation
- Paperless meetings of Board and Committees
- Comprehensive Corporate Sustainability Management System
- Established Codes of Conduct for Directors and Senior Management as also for other employees. Instituted Whistle Blower Policy and Code of Conduct for Prevention of Insider Trading
- Focus on hiring, retaining and nurturing best talent and to promote a culture of excellence across the organisation. Exhaustive HRD Policies cover succession planning, training and development, employee grievance handling etc.
- Regular communication with shareholders including e-mailing of quarterly results just after release to Stock Exchanges, emailing of Annual Reports and Corporate Sustainability Report, obtaining regular and also online feedback

The Securities and Exchange Board of India (SEBI) regulates corporate governance for listed companies through clause 49 of the Listing Agreement. Jubilant is in full compliance with clause 49.

### b) Board of Directors:

#### (i) Composition

The Board of Jubilant, as of date, comprises of nine members of which six are Non-Executive Independent Directors, two Managing Directors and one Executive Director.

The Board of Directors along with its Committees provides leadership and strategic guidance to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and disclosures.

**(ii) Meetings of the Board**

Meetings of the Board are generally held at the Corporate Office of the Company at 1A, Sector 16A, Noida - 201 301, Uttar Pradesh, India. During the year, Jubilant's Board met four times i.e. on May 10, 2011; August 09, 2011; November 01, 2011 and February 06, 2012.

The Company held a minimum of one Board Meeting in each Quarter as required under the Companies Act, 1956 and maximum gap between any two meetings did not exceed four months which is in compliance with the Listing Agreement.

An annual calendar of meetings is prepared and shared with the Directors in the beginning of the year, to enable them to plan their attendance at the meetings. Directors are expected to attend Board Meetings, spend the necessary time and meet as frequently as the situation warrants to properly discharge their responsibilities.

Concerned executives of the Company communicate to the Company Secretary, the matters requiring approval of the Board, well in advance, so that these can be included in the Agenda for the scheduled Board/Committee Meeting.

Agenda papers are emailed to the Directors, well in advance before the Board Meeting. Draft Minutes of the Board meetings are circulated to the Directors of the Company for their comments thereon and, thereafter, confirmed by the Board in their next Meeting.

The composition of the Board of Directors and attendance at the Board meetings and the last Annual General Meeting are given in **TABLE** below:

**COMPOSITION OF BOARD AND ATTENDANCE OF DIRECTORS AT BOARD MEETINGS AND THE LAST AGM**

| Name and Designation | Category | Attendance at Meetings | | |
|---|---|---|---|---|
| | | No. of Board Meetings | | Last AGM Attended |
| | | Held during tenure | Attended | |
| Mr. Shyam S. Bhartia #<br>*Chairman & Managing Director* | Executive and Promoter | 4 | 4 | Yes |
| Mr. Hari S. Bhartia #<br>*Co-Chairman & Managing Director* | Executive and Promoter | 4 | 4 | No |
| Dr. Jag Mohan Khanna*<br>*Executive Director & President - Life Sciences* | Executive | 1 | 1 | - |
| Mr. Shyamsundar Bang<br>*Executive Director - Manufacturing & Supply Chain* | Executive | 4 | 4 | Yes |
| Mr. Abhay Havaldar @<br>*Director* | Non-Executive, Independent | 4 | 3 | No |
| Mr. H. K. Khan<br>*Director* | Non-Executive, Independent | 4 | 3 | No |
| Dr. Inder Mohan Verma<br>*Director* | Non-Executive, Independent | 4 | 3 | No |
| Dr. Naresh Trehan<br>*Director* | Non-Executive, Independent | 4 | 1 | No |
| Mr. Shardul S. Shroff<br>*Director* | Non-Executive, Independent | 4 | 0 | No |
| Mr. Surendra Singh<br>*Director* | Non-Executive, Independent | 4 | 4 | Yes |

#Mr. Shyam S. Bhartia and Mr. Hari S. Bhartia are related to each other, being brothers
*Ceased from directorship w.e.f. July 05, 2011
@Nominee of GA European Investments Limited – Equity Investor

**(iii) Other Directorships**

The number of directorships and memberships/chairmanships of Board and Committees held by the Directors in other bodies corporate as on March 31, 2012 are as given in **TABLE** below:

**NUMBER OF DIRECTORSHIPS HELD IN OTHER COMPANIES AND CHAIRMANSHIPS/MEMBERSHIPS OF COMMITTEES**

| Name of Director | No. of Directorships in Other Companies# | | | No. of Chairmanships/Memberships of Committees * | |
|---|---|---|---|---|---|
| | Public | Private | Foreign | Chairmanships | Memberships |
| Mr. Shyam S. Bhartia | 5 | 9 | 9 | 0 | 0 |
| Mr. Hari S. Bhartia | 10 | 9 | 3 | 0 | 2 |
| Mr. Shyamsundar Bang | 2 | 0 | 0 | 0 | 2 |
| Mr. Abhay Havaldar | 2 | 1 | 0 | 0 | 2 |
| Mr. H. K. Khan | 3 | 1 | 0 | 1 | 3 |
| Dr. Inder Mohan Verma | 1 | 0 | 0 | 0 | 0 |
| Dr. Naresh Trehan | 2 | 5 | 0 | 1 | 2 |
| Mr. Shardul S. Shroff | 6 | 8 | 0 | 0 | 2 |
| Mr. Surendra Singh | 5 | 1 | 0 | 3 | 7 |

#Excluding section 25 companies

*Only Audit and Investors Grievance Committees of Indian Public Companies, whether listed or not, have been considered pursuant to Clause 49. Committees of Jubilant are also included

**(iv) Code of Conduct**

The Company has formulated and implemented a Code of Conduct for Directors and Senior Management of the Company. Requisite annual affirmations of compliance with the Code have been made by the Directors and Senior Management of the Company. A declaration signed to this effect by Mr. Shyam S. Bhartia, Chairman & Managing Director, is enclosed as **Annexure F** at the end of this Report. The Code of Conduct is posted on the Company's website www.jubl.com.

**(v) Information given to the Board**

The Board and Board Committees have complete access to the information. Such information is submitted either as a part of the agenda papers in advance of the meetings or by way of presentations and discussion material during the meetings. Such information *inter alia* includes the following:

- Annual operating plans and budgets and any updates;
- Capital budgets and any updates;
- Quarterly results of the Company and its operating divisions or business segments;
- Minutes of the meetings of various committees of the Board;
- Information on recruitment and remuneration of senior officers just below the Board level;
- Show cause, demand, prosecution notices and penalty notices, which are materially important;
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- Material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company;
- Issues which involve possible public or product liability claims of substantial nature;
- Details of any joint venture or collaboration agreement;
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property;
- Significant labour problems and their proposed solutions including any significant development in Human Resources / Industrial Relations front;
- Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business;
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material;
- Minutes of Board Meetings of unlisted subsidiary companies;
- Statement of significant transactions or arrangements made by unlisted subsidiary companies;

- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

Applicable provisions of law are being complied with by the Company. Further, the Company has substantially complied with the Secretarial Standards (SS) issued by the Institute of Company Secretaries of India (ICSI) from time to time.

Since Jubilant believes in utmost care for the environment which includes conservation of energy, it has started sending all the documents relating to Board and Committee meetings, including agenda papers and supplementary documents, to the Directors in electronic form, thereby taking a big step in its environment protection and energy conservation initiatives.

Important decisions taken at the Board/ Committee meetings are promptly communicated to the concerned departments/divisions. Action Taken Report (ATR) on the decisions of the previous meeting(s) is placed at the next meeting of the Board/Committee.

## c) Committees of the Board

To focus effectively on the issues and ensure expedient resolution of diverse matters, the Board has constituted several Committees of Directors with specific terms of reference / charter. These Committees operate as empowered agents of the Board as per their Charter / Terms of Reference that set forth their purposes, goals and responsibilities. Committee members are appointed by the Board with the consent of individual Directors. These Committees meet as often as required, or as statutorily required.

The minutes of the meetings of all the Committees of the Board are placed quarterly at Board meetings for noting.

Major Committees are:

- Audit Committee
- Remuneration Committee
- Investors Grievance Committee
- Corporate Governance Committee
- Sustainability Committee
- Finance Committee
- Compensation Committee

The detailed terms of reference, composition, quorum, meetings, attendance and other details of the Committees are as under:

### Audit Committee

The Audit Committee primarily constitutes a formal and transparent arrangement for accurate financial reporting and strong internal controls. The Committee through regular interaction with external and internal auditors and review of various financial statements ensures that the interests of stakeholders are properly protected.

All members of the Audit Committee are financially literate and a majority have accounting or financial management expertise.

**(i) Terms of Reference:**

The Audit Committee functions according to its terms of reference that define its composition, authority, responsibility and reporting functions in accordance with Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement which, *inter-alia*, include the following:

(a) Overseeing the financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible;

(b) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees;

(c) Approval of payment to Statutory Auditors for any other services rendered;

(d) Reviewing with the management, the Annual Financial Statements before they are submitted to the Board for approval, with particular reference to:

- Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of sub-section (2AA) of section 217 of the Companies Act, 1956
- Changes, if any, in accounting policies and practices and reasons for the same
- Major accounting entries involving estimates based on the exercise of judgment by the management
- Significant adjustments made in the financial statements arising out of audit findings
- Compliance with the Listing Agreement and other legal requirements relating to financial statements

- Disclosure of related party transactions
- Qualifications in the draft audit report;

(e) Reviewing, with the management, the Quarterly Financial Statements before submission to the Board for approval;

(f) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, right issue, preferential issue etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public issue or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

(g) Reviewing, with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems;

(h) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;

(i) Discussion with internal Auditors of any significant findings and follow up thereon;

(j) Reviewing the findings of any internal investigations by Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

(k) Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

(l) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;

(m) Reviewing the functioning of the Whistle Blower mechanism;

(n) Approval of appointment of CFO;

(o) Reviewing the Management Discussion & Analysis of financial condition and results of operations;

(p) Reviewing the statement of significant related party transactions;

(q) Reviewing management letters / letters of internal control weaknesses issued by the Statutory Auditors;

(r) Reviewing the Internal audit reports relating to internal control weaknesses;

(s) Approving the appointment, removal and terms of remuneration of the Chief Internal Auditor;

(t) Reviewing the financial statements of unlisted subsidiary companies.

**(ii) Composition**

The Audit Committee is entirely composed of Independent Directors. Presently, the Committee comprises of four members namely Mr. Surendra Singh (Chairman), Mr. Abhay Havaldar, Mr. H. K. Khan and Dr. Naresh Trehan.

**Invitees:**

Mr. Shyamsundar Bang (Executive Director) and Mr. R. Sankaraiah (Executive Director- Finance) are permanent invitees to all Audit Committee meetings.

The Statutory Auditors, Internal Audit firm's representative and Head of the Management Assurance Department attend the meetings. Cost Auditor and other Executives, as desired by the Committee, attend the meetings as invitees.

**Secretary:**

Mr. Lalit Jain, Company Secretary, officiates as the Secretary of the Committee.

**(iii) Meetings, Quorum and Attendance**

The Audit Committee meets at least four times in a year with a gap of not more than four months between any two meetings. The quorum for the meetings is either two members or one third of the members, whichever is greater.

During the year, the Committee met five times, i.e. on May 09, 2011; July 26, 2011; August 09, 2011; October 31, 2011 and February 06, 2012.

Attendance details of the members are given in **TABLE** below:

**AUDIT COMMITTEE ATTENDANCE DETAILS**

| Name of the Committee Member | Meetings held during tenure | Meetings attended |
|---|---|---|
| Mr. Surendra Singh (Chairman) | 5 | 4 |
| Mr. Abhay Havaldar | 5 | 3 |
| Mr. H. K. Khan | 5 | 4 |
| Dr. Naresh Trehan | 5 | 1 |

### Remuneration Committee

The Remuneration Committee is responsible for framing policy on executive remuneration and for fixing the remuneration packages of Executive / Managing Directors. It also ensures that the levels of remuneration are sufficient to attract, retain and motivate Directors to run the Company successfully.

**(i) Terms of Reference:**

The Committee is empowered to decide and approve the remuneration of the Executive Board Members of the Company.

**(ii) Composition**

The Committee is entirely composed of Independent Directors. Presently, the Committee comprises of three members namely Dr. Naresh Trehan (Chairman), Mr. Surendra Singh and Mr. H. K. Khan.

**Invitee:**

Mr. R. Sankaraiah (Executive Director- Finance) is a permanent invitee to all Remuneration Committee meetings.

**Secretary**

Mr. Lalit Jain, Company Secretary, officiates as the Secretary of the Committee.

**(iii) Meetings, Quorum and Attendance**

The Committee meets as and when necessary. The quorum for the meetings is either two members or one third of the members of the Committee, whichever is greater.

During the year, the Committee met once on February 06, 2012 and all members except Mr. H. K. Khan attended the said meeting.

### Investors Grievance Committee

The Board has delegated the power of share transfer and other related matters to the Investors Grievance Committee. The Committee meets as often as required. Additionally, the Board has authorised Executive Director-Finance and Company Secretary to jointly exercise powers of approving transfer/transmission of shares. Normally, transfers/transmissions are approved once in a fortnight.

Apart from the above, the Investors Grievance Committee is empowered to perform all the functions of the Board in relation to handling of investors' grievances / complaints and overseeing investor services.

**(i) Terms of Reference:**

The Committee approves the matters relating to:

(a) Transfer & transmission of shares;

(b) Issue of duplicate share certificates;

(c) Redressal of Investors' complaints and grievances such as non-receipt of annual reports, dividend payments etc.

(d) Other areas of investor service.

**(ii) Composition**

The Committee comprises of three members namely Mr. H. K. Khan (Chairman), Mr. Shyamsundar Bang and Mr. Surendra Singh.

**Secretary**

Mr. Lalit Jain, Company Secretary, officiates as the Secretary of the Committee. He is also the Compliance Officer.

**(iii) Meetings, Quorum and Attendance**

The Investors Grievance Committee earlier used to meet once in a fortnight. After July 2011, the Committee met atleast once in a quarter and additionally, whenever required. During the year, 13 meetings were held. The quorum for the meetings is either two members or one third of the members of the Committee, whichever is greater.

Attendance details of the members are given in **TABLE** below:

**INVESTORS GRIEVANCE COMMITTEE ATTENDANCE DETAILS**

| Name of the Committee Member | Meetings held during tenure | Meetings attended |
|---|---|---|
| Mr. H. K. Khan (Chairman) | 13 | 13 |
| Mr. Surendra Singh | 13 | 13 |
| Mr. Shyamsundar Bang | 13 | 13 |
| Dr. Jag Mohan Khanna* | 6 | 6 |

* Ceased from directorship w.e.f. July 05, 2011.

**(iv) Investors Complaints**

During the year, the Company received 80 complaints, which were duly resolved. No complaint was pending as on March 31, 2012.

**(v) Transfers and Transmissions approved**

During the year, the Company received 262 cases (438,680 shares) of share transfer / transposition out of which 127 cases (345,369 shares) were approved and 135 cases (93,311 shares) were rejected for technical reasons.

The Company had 23,412 investors as on March 31, 2012.

### Corporate Governance Committee

The Corporate Governance Committee is responsible for evaluating adoption of the Voluntary Corporate Governance Guidelines issued by the Central Government.

**(i) Composition**

The Committee comprises of four members namely Mr. Hari S. Bhartia (Chairman), Mr. Abhay Havaldar, Mr. Shardul S. Shroff and Mr. R. Sankaraiah.

**Secretary**

Mr. Lalit Jain, Company Secretary, officiates as the Secretary of the Committee.

**(ii) Meetings, Quorum and Attendance**

The Committee meets as frequently as circumstances necessitate. The quorum for the meeting is two members.

No meeting of the Committee was held during the year.

### Sustainability Committee

The Sustainability Committee has been constituted to oversee the performance of the Company on triple bottom line indicators viz. Environmental, Economic and Social factors.

**(i) Terms of Reference:**

The Committee is authorised to take all steps and decide all matters pertaining to triple bottom line indicators viz. Environmental, Economic and Social factors.

**(ii) Composition**

The Committee comprises of four members namely Mr. Shyam S. Bhartia (Chairman), Mr. Hari S. Bhartia, Mr. Shyamsundar Bang and Dr. Inder Mohan Verma.

**Secretary**

Mr. Lalit Jain, Company Secretary, officiates as the Secretary of the Committee.

**(iii) Meetings, Quorum and Attendance**

The Committee meets once in every six months. The quorum for the meetings is two members.

During the year, the Committee met twice, i.e. on May 09, 2011 and October 31, 2011.

Attendance details of the members are given in **TABLE** below:

**SUSTAINABILITY COMMITTEE ATTENDANCE DETAILS**

| Name of the Committee Member | Meetings held during tenure | Meetings attended |
|---|---|---|
| Mr. Shyam S. Bhartia (Chairman) | 2 | 2 |
| Mr. Hari S. Bhartia | 2 | 2 |
| Mr. Shyamsundar Bang | 2 | 2 |
| Dr. Inder Mohan Verma | 2 | 2 |

### Finance Committee

The Board of Directors of the Company has delegated to the Finance Committee the powers to borrow moneys and to avail financial assistance from banks, financial institutions etc.

**(i) Terms of Reference:**

(a) To avail financial assistance from Banks, Financial Institutions, NBFCs, Mutual Funds, Insurance Companies or any other Lenders by way of term loans, working capital loans or any other funding method;

(b) To approve creation of the mortgages/charges in favour of lenders.

**(ii) Composition**

The Committee comprises of four members namely Mr. Shyam S. Bhartia (Chairman), Mr. Hari S. Bhartia, Mr. Shyamsundar Bang and Mr. Surendra Singh.

**Invitee**

Mr. R. Sankaraiah (Executive Director- Finance) is a permanent invitee to all Finance Committee meetings.

**Secretary**

Mr. Lalit Jain, Company Secretary, officiates as the Secretary of the Committee.

**(iii) Meetings, Quorum and Attendance**

The Committee meets as frequently as circumstances necessitate. The quorum for the meetings is either two members or one third of the members of the Committee, whichever is greater.

During the year, the Committee met seven times i.e. on May 31, 2011, June 29, 2011; August 18, 2011, September 14, 2011, November 02, 2011, February 02, 2012 and March 06, 2012.

Attendance details of the members are given in **TABLE** below:

**FINANCE COMMITTEE ATTENDANCE DETAILS**

| Name of the Committee Member | Meetings held during tenure | Meetings attended |
|---|---|---|
| Mr. Shyam S. Bhartia (Chairman) | 7 | 7 |
| Mr. Hari S. Bhartia | 7 | 4 |
| Mr. Shyamsundar Bang | 7 | 7 |
| Mr. Surendra Singh | 7 | 7 |

### Compensation Committee

The Compensation Committee had been constituted for administration and superintendence of Employees Stock Option Plans. During the year 2011-12, it was proposed that no further grants may be made under Jubilant Employees Stock Option Plan 2005 and a new plan be implemented. In view of this, the Committee approved the implementation of a new Stock Option plan, namely, JLL Employees Stock Option Plan 2011.

The Committee frames suitable policies and systems for grant of Stock Options so that there is full compliance with the relevant provisions of law. It also monitors the quantum of Options to be granted under Stock Option Plans.

**(i) Terms of Reference:**

- To determine the quantum of Options to be granted under Stock Option Plans per employee and in the aggregate;
- To formulate the conditions under which Options vested in employees may lapse in case of termination of employment for misconduct;
- To specify the exercise period within which the employees should exercise the Options and that Options would lapse on failure to exercise within the exercise period;
- To specify the time period within which the employee shall exercise the vested Options in the event of termination or resignation;
- To establish the right of an employee to exercise all the vested Options at one time or at various points of time within the exercise period;
- To formulate the procedure for making a fair and reasonable adjustment to the number of Options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others and in case of employees who are on long leave and the procedure, if any, for cashless exercise of Options;
- To frame suitable policies and systems to ensure compliance with the Securities and Exchange Board of India (Insider Trading) Regulations, 1992 and the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003;
- To supervise the Jubilant Employees Welfare Trust and to resolve any issue(s) that arise in the administration of the Plans through Trust and to direct the trustee(s) as and when required for smooth and proper administration of the Plans.

**(ii) Composition**

The Committee comprises of four members namely Mr. Surendra Singh (Chairman), Mr. Hari S. Bhartia, Mr. H. K. Khan and Mr. Abhay Havaldar.

**Invitees**

Mr. R. Sankaraiah (Executive Director - Finance) and the Head - HR are permanent invitees to all Compensation Committee meetings.

**Secretary**

Mr. Lalit Jain, Company Secretary, officiates as the Secretary of the Committee.

**(iii) Meetings, Quorum and Attendance**

The Committee meets as frequently as circumstances necessitate. The quorum for the meetings is either two members or one third of the members of the Committee, whichever is greater.

During the year, the Committee met three times i.e. on July 22, 2011, October 24, 2011 and February 06, 2012.

**COMPENSATION COMMITTEE ATTENDANCE DETAILS**

| Name of the Committee Member | Meetings held during tenure | Meetings attended |
|---|---|---|
| Mr. Surendra Singh (Chairman) | 3 | 3 |
| Mr. Hari S. Bhartia | 3 | 3 |
| Mr. H.K. Khan | 3 | 3 |
| Mr. Abhay Havaldar | 3 | 0 |

Apart from the above, there are several Executive Committees comprising of Managing Directors /Whole-time Directors and Senior Executives of the Company.

## d) Remuneration of Directors

### (i) Remuneration to Managing/Executive Directors

Mr. Shyam S. Bhartia, Chairman & Managing Director and Mr. Hari S. Bhartia, Co-Chairman & Managing Director, were re-appointed for a period of five years each w.e.f. April 01, 2007. Mr. Shyamsundar Bang was re-appointed as Executive Director for a period of five years w.e.f. November 01, 2008.

**TABLE** below gives the remuneration details including perquisites/taxable value of perquisites, commission and retirement benefits paid / payable to Managing / Executive Directors for the year 2011-12:

**REMUNERATION DETAILS OF MANAGING / EXECUTIVE DIRECTORS**

(₹)

| | | Mr. Shyam S. Bhartia | Mr. Hari S. Bhartia | Mr. Shyamsundar Bang | Dr. Jag Mohan Khanna# |
|---|---|---|---|---|---|
| 1. | Salary | 1,500,000 | 1,500,000 | 8,599,125 | 2,509,669 |
| 2. | Commission | - | - | - | - |
| 3. | Contribution to Superannuation Fund | - | - | 1,289,869 | - |
| 4. | Contribution to Provident Fund | 180,000 | 180,000 | 1,031,895 | 301,160 |
| 5. | Perquisite Value of Stock Options* | - | - | - | - |
| 6. | Perquisite Values** / Allowances / Others | 22,115,772 | 21,312,520 | 7,757,677 | 16,695,394 |
| | **TOTAL** | **23,795,772** | **22,992,520** | **18,678,566** | **19,506,223** |

The above excludes the provision for gratuity and leave encashment, as the same is calculated on overall company basis. However, gratuity and leave encashment actually paid to Managing Directors / Executive Directors is included.

#Ceased from directorship w.e.f. July 05, 2011.

*Mr. Shyamsundar Bang was granted 50,591 Stock Options on October 24, 2011 under JLL Employees Stock Option Plan 2011. Each Stock Option confers a right to acquire one equity share of ₹ 1 at an exercise price of ₹ 200.05 per share (being the market price at the time of grant). Till March 31, 2012, none of the Options had vested with Mr. Shyamsundar Bang.

**Perquisites have been taken at actual value/in accordance with Income Tax Rules under Income Tax Act, 1961.

**Service Contracts, Notice Period and Severance Fees**

The appointments of Managing Directors and Whole-time Directors are contractual.

The appointments of Whole-time Directors are terminable by the Company by giving 3 months' notice or salary in lieu thereof.

### (ii) Remuneration to Non-Executive Directors

Details of Sitting Fees for Board / Committee Meetings and Commission paid / payable to Non-Executive Directors for year ended March 31, 2012 is shown in **TABLE** below:

**REMUNERATION DETAILS OF NON-EXECUTIVE DIRECTORS**

(₹)

| Name | Sitting Fees | Commission* |
|---|---|---|
| Mr. Surendra Singh | 207,500 | 500,000 |
| Mr. H.K. Khan | 147,500 | 500,000 |
| Dr. Naresh Trehan | 35,000 | 500,000 |
| Mr. Abhay Havaldar $ | - | - |
| Dr. Inder Mohan Verma | 70,000 | 500,000 |
| Mr. Shardul S. Shroff | Nil | 500,000 |
| **Total** | **460,000** | **2,500,000** |

*Commission to the Non-Executive Directors is payable in terms of a Special Resolution passed by members. The same is payable after the accounts are approved at the next Annual General Meeting.

$ Opted not to take any remuneration.

Number of Equity Shares/ Stock Options in the Company held by Non-Executive Directors as on March 31, 2012 is given in **TABLE** below:

**NUMBER OF EQUITY SHARES / STOCK OPTIONS HELD BY NON-EXECUTIVE DIRECTORS AS ON MARCH 31, 2012**

| Name | No. of Equity Shares of ₹ 1 held | No. of Stock Options under Plan 2005# | No. of Stock Options under Plan 2011@ |
|---|---|---|---|
| Mr. Surendra Singh | 25,000 | Nil | 7,500 |
| Mr. H.K. Khan | Nil | 4,000 | 7,500 |
| Dr. Naresh Trehan | 25,000 | Nil | 7,500 |
| Mr. Abhay Havaldar | Nil | NA | NA |
| Dr. Inder Mohan Verma | Nil | Nil | 10,138 |
| Mr. Shardul S. Shroff* | Nil | Nil | 7,500 |

\# The Stock Options under Plan 2005 were granted on September 06, 2005. The holder of each Stock Option has a right to acquire five equity shares of ₹ 1 each at an exercise price of ₹ 201.33 per equity share.

@ The Stock Options under Plan 2011 were granted on October 24, 2011. The holder of each Stock Option has a right to acquire one equity share of ₹ 1 at an exercise price of ₹ 200.05 per equity share.

* During the year, the Company has paid ₹ 2.14 million as professional fees to M/s. Amarchand & Mangaldas & Suresh A. Shroff & Co., a firm in which Mr. Shardul S. Shroff, Director of the Company, is Managing Partner.

Other than holding shares / Options and remuneration indicated above, the Non-Executive Directors did not have any pecuniary relationship or transactions with the Company.

**(iii) Criteria for making payment to Non-Executive Directors**

The Company considers the time and efforts put in by the Non-Executive Directors in deliberations at Board / Committee meetings. They are remunerated by way of Sitting Fees for attending the meetings and also through Commission, as approved by the Board and shareholders.

## e) Remuneration Policy

Remuneration policy aims at encouraging and rewarding good performance / contribution to the Company objectives.

## f) General Body Meetings

(i) Date, time and location of the Annual General Meetings held during the last three years:

| Financial Year | Date | Time | Location |
|---|---|---|---|
| 2010-11 (33rd AGM) | August 23, 2011 | 11.30 a.m. | Registered Office: Bhartiagram, Gajraula - 244 223 District Jyotiba Phoolay Nagar, Uttar Pradesh, India |
| 2009-10 (32nd AGM) | September 28, 2010 | 11.30 a.m. | Registered Office: Bhartiagram, Gajraula - 244 223 District Jyotiba Phoolay Nagar, Uttar Pradesh, India |
| 2008-09 (31st AGM) | August 28, 2009 | 11.30 a.m. | Registered Office: Bhartiagram, Gajraula - 244 223 District Jyotiba Phoolay Nagar, Uttar Pradesh, India |

(ii) Following are the Special Resolutions passed at Annual General Meetings held in last three years:

| Meeting | Subject matter of Special Resolutions Passed |
|---|---|
| 33rd AGM | 1. Issue of Stock Options to employees of the Company<br>2. Issue of Stock Options to employees of subsidiary/holding Company<br>3. Authority to Jubilant Employees Welfare Trust |
| 32nd AGM | 1. Payment of Commission to Directors other than the Managing/ Executive Directors<br>2. Alteration of Articles of Association of the Company<br>3. Modification of Jubilant Employees Stock Option Plan 2005 |
| 31st AGM | 1. Alteration of Articles of Association of the Company<br>2. Re-pricing of Stock Options<br>3. Modification of Jubilant Employees Stock Option Plan 2005 |

**(iii) Special Resolutions passed through Postal Ballot last year:**

No Special Resolution was passed through Postal Ballot during 2011-12.

**(iv) Whether any Special Resolutions are proposed to be passed through Postal Ballot**

No Special Resolution is proposed to be passed through Postal Ballot.

**(v) Procedure for Postal Ballot:**

- The notices containing the proposed resolutions and explanatory statements thereto are sent to the registered addresses of all shareholders of the Company alongwith a Postal Ballot Form and a postage pre-paid envelope containing the address of the Scrutinizer appointed by the Board for carrying out Postal Ballot process.

- The Postal Ballot Forms received within 30 days of despatch are considered by the Scrutinizer.

- The Scrutinizer submits his report to the Chairman and Managing Director of the Company, who on the basis of the report announces the results.

## g) Disclosures

**(i)** The Company does not have any material unlisted Indian subsidiary company.

**(ii)** There are no materially significant transactions with the related parties viz. promoters, directors or the management, their subsidiaries or relatives, etc. that may have a potential conflict with the interests of the Company at large. Related party transactions are given at Note No. 54 of Notes to the Accounts.

**(iii)** The Company has complied with various rules and regulations prescribed by Stock Exchanges, Securities and Exchange Board of India or any other statutory authority relating to the capital markets during the last three years. No penalties or strictures have been imposed by them on the Company.

**(iv)** Listing fees for the financial year 2012-13 have been paid to the Stock Exchanges on which the shares of the Company are listed.

The Company has established a Whistle Blower Policy to make the workplace conducive to open communication regarding business practices and to protect the employees from unlawful victimization, retaliation or discrimination for their having disclosed or reported fraud, unethical behaviour, violation of Code of Conduct, questionable accounting practices, grave misconduct etc.

The Policy has been posted on the Company's intranet viz: "myjubilant". During the year, no personnel were denied access to the Audit Committee.

## h) Means of Communication

**(i)** The quarterly results are regularly submitted to the Stock Exchanges in accordance with the Listing Agreement and are normally published in leading Business Newspapers of the country like 'Financial Express' and regional newspapers like 'Dainik Jagran' in accordance with the Listing Agreement.

**(ii)** The official news releases, including quarterly, half yearly and annual results and presentations are posted on the Company's website www.jubl.com.

**(iii)** Various sections of the Company's website keep the investors updated on material developments of the Company by providing key and timely information like details of Directors, financial results, annual reports, shareholding pattern etc.

**(iv)** Regular communications are sent to Shareholders including e-mailing of quarterly results just after release to Stock Exchanges, e-mailing of Annual Reports and Corporate Sustainability Report, obtaining regular and also online feedback.

**(v)** The Company works towards excellent stakeholder communication. It believes in sharing all information that directly or indirectly affects the financial and operational performance of the Company that can have material impact on the share price. It gives us pleasure to state that our Executive Director-Finance, Mr. R Sankaraiah was adjudged the best CFO in the Healthcare and Pharmaceutical segment by the sell side in the 2011 All Asia Executive Team rankings by Institutional Investor, a global leader in investor relations research.

An extensive investor outreach program includes hosting a quarterly conference call to share the financial results of the Company along with discussion on the performance of the businesses by the leadership team. This is followed by question and answer session such that whosoever has a question for the management can raise it in the forum. In the 4 quarterly calls that were conducted during FY2012, over 100 participants from brokerage houses, foreign and domestic institutional investors, banks, insurance and portfolio management companies, rating agencies besides media and others logged into the conference each time to listen to the management discussion and analysis. A detailed docket on the financials and business highlights is released after the Board approves the results for the period. Transcript of the investor call is also available on the website. There is also continuous process of dissemination of material information on specific business updates through business or press releases, as is appropriate.

As an ongoing Investor relations activity, one on one calls and meetings with analysts from intermediary broking outfits and institutional shareholders (current and potential) are organized. The Company also participates in Investor conferences organized by various brokers and goes on non-deal road shows, in India and internationally, which helps reach out to a larger fund management fraternity. This helps to improve the overall visibility of the Company for potential investors and also improves the understanding about the various business lines that the Company is engaged in.

## i) General Shareholders' Information

### (i) Date, time and venue for 34th Annual General Meeting:

| | |
|---|---|
| Date and Time | August 28, 2012; 11:30 AM |
| Venue | Registered Office: Bhartiagram, Gajraula - 244 223 District Jyotiba Phoolay Nagar, U.P. |

### (ii) Financial Year and Financial Calendar-

The Company observes April 1 to March 31 of the following year as its Financial Year. The Financial Calendar for year 2012-13 is as follows:

| Item | Tentative Dates * |
|---|---|
| First Quarter Results | July 23, 2012 |
| Second Quarter Results | November 5, 2012 |
| Third Quarter Results | January 29, 2013 |
| Audited Annual Results for the year | May 7, 2013 |

*As approved by the Board. However these dates are subject to change.

### (iii) Book Closure & Dividend Payment Dates

As per Notice of 34th Annual General Meeting. The Dividend, if declared, will be paid on or before September 27, 2012.

### (iv) Listing

The names of the Stock Exchanges at which the securities of the Company are listed and the respective stock codes are as under:

| S. No. | Name of the Stock Exchange | Security Listed | Stock Code |
|---|---|---|---|
| 1. | Bombay Stock Exchange Limited | Equity Shares | 530019 |
| 2. | National Stock Exchange of India Limited | Equity Shares | JUBILANT |

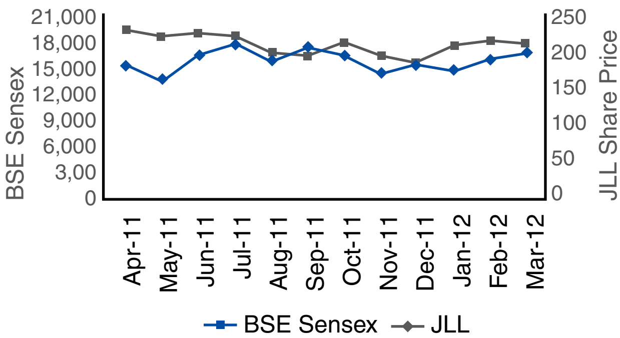
### (v) Market Information

Monthly high / low of the market price of the Company's equity shares (of ₹ 1 each) traded on the Stock Exchanges during 2011-12 is given hereunder:

(Amount in ₹)

| Month | Bombay Stock Exchange Limited | | National Stock Exchange of India Limited | |
|---|---|---|---|---|
| | High | Low | High | Low |
| Apr-11 | 202.90 | 167.30 | 203.00 | 165.45 |
| May-11 | 185.00 | 156.00 | 183.70 | 156.25 |
| Jun-11 | 203.65 | 155.00 | 203.50 | 157.10 |
| Jul-11 | 227.00 | 193.55 | 228.50 | 186.90 |
| Aug-11 | 217.95 | 169.00 | 218.00 | 168.20 |
| Sep-11 | 224.75 | 187.25 | 225.00 | 187.00 |
| Oct-11 | 205.00 | 176.05 | 205.00 | 176.20 |
| Nov-11 | 219.00 | 168.00 | 218.60 | 166.20 |
| Dec-11 | 189.00 | 160.05 | 189.50 | 160.55 |
| Jan-12 | 200.00 | 170.20 | 190.05 | 170.10 |
| Feb-12 | 211.00 | 172.35 | 211.30 | 172.30 |
| Mar-12 | 201.35 | 170.50 | 200.95 | 170.70 |

### (vi) Performance of the Company's equity shares vis-a-vis BSE Sensex




The above chart is based on the monthly closing prices of the Equity Shares of the Company and monthly closing BSE Sensex.

**(vii) Growth in Equity Capital**

| Year | Particulars | Increase in number of shares | Cumulative number of shares | Face value per share (₹) |
|---|---|---|---|---|
| 1978 | Issue of Shares to initial subscribers | 1,200 | 1,200 | 10 |
| 1981 | Issued to Indian promoters | 608,370 | 609,570 | 10 |
| 1981 | Issued to Foreign collaborators | 655,430 | 1,265,000 | 10 |
| 1981 | Issued to Public through public issue | 2,200,000 | 3,465,000 | 10 |
| 1982-1983 | Rights Issue 1: 5 | 693,000 | 4,158,000 | 10 |
| 1984-1985 | Forfeited on account of non-payment of allotment money | -3,200 | 4,154,800 | 10 |
| 1986-1987 | Conversion of loan into equity shares | 1,006,180 | 5,160,980 | 10 |
| 1995-1996 | Issued to shareholders of Ramganga Fertilizers Ltd.upon merger with the Company | 256,522 | 5,417,502 | 10 |
| 1999-2000 | Issued to Shareholders of Anichem India Limited & Enpro Speciality Chemicals Ltd. upon merger with the Company. | 839,897 | 6,257,399 | 10 |
| 2001-2002 | Conversion of 1,500,000 Warrants issued to promoters on preferential basis | 1,500,000 | 7,757,399 | 10 |
| 2002-2003 | Sub-division of shares from ₹ 10 to ₹ 5 | 7,757,399 | 15,514,798 | 5 |
| 2002-2003 | Cancellation of shares as per Scheme of Amalgamation of the Company with Vam Leasing Limited & Vam Investments Ltd. | -851,234 | 14,663,564 | 5 |
| 2003-2004 | Issue of Bonus shares in the ratio of 3: 5 | 8,798,139 | 23,461,703 | 5 |
| 2004-2005 | Issued to foreign investors on preferential basis | 2,424,273 | 25,885,976 | 5 |
| 2004-2005 | Part conversion of FCCBs | 27,379 | 25,913,355 | 5 |
| 2005-2006 | Part conversion of FCCBs | 1,448,348 | 27,361,703 | 5 |
| 2005-2006 | Issued to foreign investors on preferential basis | 990,000 | 28,351,703 | 5 |
| 2005-2006 | Sub-division of shares from ₹ 5 to ₹ 1 | 113,406,812 | 141,758,515 | 1 |
| 2005-2006 | Part conversion of FCCBs | 684,480 | 142,442,995 | 1 |
| 2006-2007 | Part conversion of FCCBs | 999,339 | 143,442,334 | 1 |
| 2006-2007 | Issue of shares upon exercise of Options under Jubilant Employees Stock Option Plan, 2005 | 3,000 | 143,445,334 | 1 |
| 2007-2008 | Part conversion of FCCBs | 2,675,375 | 146,120,709 | 1 |
| 2007-2008 | Issue of shares upon exercise of Options under Jubilant Employees Stock Option Plan, 2005 | 65,205 | 146,185,914 | 1 |
| 2008-2009 | Issue of shares upon exercise of Options under Jubilant Employees Stock Option Plan, 2005 | 46,630 | 146,232,544 | 1 |
| 2008-2009 | Part conversion of FCCBs | 1,309,714 | 147,542,258 | 1 |
| 2009-2010 | Issue of Shares to Qualified Institutional Buyers | 11,237,517 | 158,779,775 | 1 |
| 2010-2011 | Issue of Shares under Scheme of Amalgamation & Demerger with Jubilant Industries Ltd and Others | 501,364 | 159,281,139 | 1 |

**(viii) Appreciation in Share Price**

A person who invested ₹ 1 lac in the Company in April, 2001 has holdings worth approximately ₹ 54.61 lacs now as computed below:

| Date | Action | No. of resultant shares of JLL | Face value of JLL shares (₹) | No. of resultant shares of JIL | Face value of JIL shares (₹) |
|---|---|---|---|---|---|
| April 02, 2001 | Purchased shares @ ₹ 62.90 per share (BSE Opening Price) | 1,589.83 | 10 | NA | NA |
| November 21, 2002 | Sub-division of shares from ₹ 10 to ₹ 5 | 3,179.65 | 5 | NA | NA |
| March 18, 2004 | Issue of Bonus Shares 3:5 | 5,087.44 | 5 | NA | NA |
| March 24, 2006 | Sub-division of shares from ₹ 5 to ₹ 1 | 25,437.20 | 1 | NA | NA |
| November 26, 2010 | Issue of Shares by JIL pursuant to Demerger | - | - | 1271.86 | 10 |

Market Value of 25,437.20 equity shares of JLL as at the end of Financial Year 2011-12 @ ₹ 199.70 per share is ₹ 5,079,808.84 and Market Value of 1271.86 equity shares of JIL as at the end of Financial Year 2011-12 @ ₹ 299.75 per share is ₹ 381,240.04 resulting in an aggregate of ₹ 5,461,048.88. Thus the investor has multiplied his wealth over 54 times in 11 years, implying a Compounded Annual Growth Rate of 44% approximately. In addition, he has got handsome dividends.

**(ix) Compliance Officer**

Mr. Lalit Jain, Company Secretary, is the Compliance Officer appointed by the Board. He can be contacted for any investor related matter relating to the Company. His contact no. is +91 120 4361000; Fax no. +91 120 4234895 and e-mail id is investors@jubl.com.

**(x) Registrar and Transfer Agent**

For share related matters, members are requested to correspond with the Company's Registrar and Transfer Agents - M/s. Alankit Assignments Limited quoting their Folio No. / DP ID & Client ID at the following address:

M/s. Alankit Assignments Limited, Alankit House, 2E/21, Jhandewalan Extension, New Delhi-110 055; Tel: +91-11-23541234, 42541234; E-mail: rta@alankit.com

**(xi) Share Transfer System**

Investors Grievance Committee is authorised to approve transfers of securities. Share transfers which are received in physical form, are processed and the share certificates are normally returned within a period of 15 days from the date of receipt subject to the documents being valid and complete in all respects. The dematerialised shares are transferred directly to the beneficiaries by the depositories.

**(xii) Shareholder Satisfaction Survey**

During the year, the Company conducted a survey to assess the shareholders' satisfaction level on the investor services being rendered by the Company, comprising:

1. Timely receipt of Annual Report
2. Quality & content of Annual report
3. Dissemination of information about the Company
4. Response time & satisfaction level experienced
5. Interaction with Company's officials
6. Interaction with Registrar & Transfer Agents
7. Investor service section of Company's website
8. Overall rating of our investor services

The Shareholders were asked to give one of the following four possible ratings to each of the above:

- Excellent
- Very Good
- Good
- Poor

The responses were converted into numbers after assigning appropriate weightages for each of the above 4 ratings.

The Composite Satisfaction Index arrived as above is 70.07%.

**(xiii) Distribution of Shareholding as on March 31, 2012**

**(a) Value wise**

| Shareholding of Nominal Value in ₹ | Shareholders | | Shareholding | |
|---|---|---|---|---|
| | Number | % of Total | Number | % of Total |
| Upto 5000 | 22,966 | 98.10 | 9,474,103 | 5.95 |
| 5001 to 10000 | 202 | 0.86 | 1,440,585 | 0.90 |
| 10001 to 20000 | 92 | 0.39 | 1,363,164 | 0.86 |
| 20001 to 30000 | 22 | 0.09 | 551,285 | 0.35 |
| 30001 to 40000 | 19 | 0.08 | 667,215 | 0.42 |
| 40001 to 50000 | 12 | 0.05 | 532,880 | 0.34 |
| 50001 to 100000 | 21 | 0.09 | 1,606,080 | 1.01 |
| 100001 and above | 78 | 0.33 | 143,645,827 | 90.18 |
| **Total** | **23,412** | **100.00** | **159,281,139** | **100.00** |

**(b) Category wise**

| S. No. | Category | No. of Shares | Shareholding as a Percentage of Total Number of Shares |
|---|---|---|---|
| A | **Promoters & Promoter Group** | 78,115,056 | 49.04 |
| B | **Public Shareholding:** | | |
| | 1. Financial Institutions / Banks | 1,109,687 | 0.70 |
| | 2. UTI / Mutual Funds | 1,208,206 | 0.76 |
| | 3. Domestic Companies | 15,633,019 | 9.81 |
| | 4. Non Resident Indians | 409,761 | 0.26 |
| | 5. FII / Foreign Bodies | 45,360,800 | 28.48 |
| | 6. Indian Public / Trust / Others | 17,444,610 | 10.95 |
| | **Grand Total** | **159,281,139** | **100** |

**(xiv) Code of Conduct for Insider Trading**

In accordance with the SEBI (Prohibition of Insider Trading) Regulations, 1992 and subsequent amendments, the Company has implemented a Code of Conduct for Prevention of Insider Trading in Equity Shares of the Company for observance by its Directors and identified executives.

The Company Secretary is the Compliance Officer in this regard.

**(xv) Unclaimed Dividends**

Dividends pertaining to the financial years upto and including 1993-94, remaining unclaimed, have been transferred to the General Revenue Account of the Central Government. Shareholders having valid claims of unpaid dividend for any of these financial years may approach the Registrar of Companies, U.P. & Uttarakhand, Kanpur.

Dividends pertaining to the financial years 1994-95 to 2003-04 remaining unpaid, have been transferred to the Investor Education and Protection Fund ('the Fund') established under Section 205C of the Companies Act, 1956 ('the Act'). As per the said Section, no claims are allowed from the Fund.

In respect of unpaid / unclaimed dividends for the year 2004-05 (final dividend) onwards, the shareholders are requested to write to the Company. Dividends remaining unclaimed for seven years from the date of transfer of unpaid dividend account will be transferred to the Fund as per Section 205A (5) of the Act to the Fund.

Shareholders who have not encashed their dividend warrants relating to the dividends specified in the table given below are requested to immediately approach the Registrar and Transfer Agent for issue of duplicate warrants.

| Financial Year | Particulars | Date of declaration | Due for transfer |
|---|---|---|---|
| 2004-05 | Final Dividend | August 29, 2005 | October 04, 2012 |
| 2005-06 | Final Dividend | September 19, 2006 | October 22, 2013 |
| 2006-07 | Final Dividend | September 25, 2007 | October 30, 2014 |
| 2007-08 | Final Dividend | September 27, 2008 | October 30, 2015 |
| 2008-09 | Final Dividend | August 28, 2009 | October 01, 2016 |
| 2009-10 | Final Dividend | September 28, 2010 | October 31, 2017 |
| 2010-11 | Final Dividend | August 23, 2011 | September 24, 2018 |

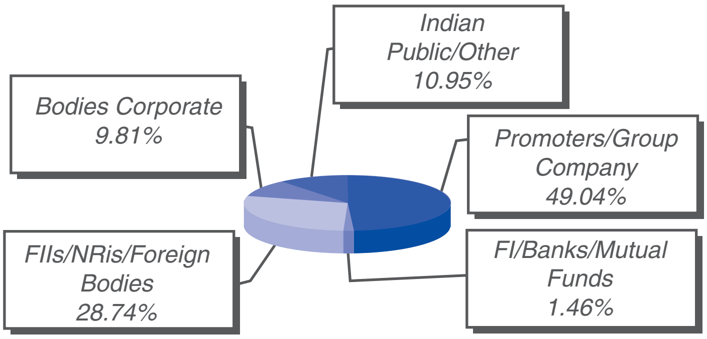
**(xvi) Information pursuant to Clause 49 IV(G)(i) of the Listing Agreement**

Information pertaining to particulars of Directors to be re-appointed at the forthcoming Annual General Meeting is being included in the Notice convening the Annual General Meeting.

**(xvii) Compliance Certificate of the Statutory Auditors**

The Company has obtained a Certificate from the Statutory Auditors regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement. The Certificate is attached as **Annexure E.**

**(xviii) Distribution of Shareholding as on March 31, 2012**



**(xix) (a) Dematerialisation of Shares**

The shares of the Company fall under the category of compulsory delivery in dematerialised mode by all categories of investors. The Company has signed agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on March 31, 2012, 157,439,751 equity shares of the Company (98.84% of the Paid-up capital) were in dematerialised form.

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE700A01033.

**(b) Liquidity**

The Equity Shares of the Company are frequently traded on the National Stock Exchange as well as on the Bombay Stock Exchange (Group B).

**(xx) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion Date and likely impact on Equity**

**(a)** During the year, the outstanding balance of FCCB 2011 was completely redeemed. There are no FCCBs/GDRs/ADRs/Warrants outstanding.

**(b) Employees Stock Options**

The Company had instituted in 2005, Jubilant Employees Stock Option Plan 2005 (Plan 2005). Each Stock Option under Plan 2005 entitles the holder to five equity shares of ₹ 1 each at the grant price which is the market price at the time of grant. The Board has decided not to grant any further Stock Options under the Plan 2005.

During the year, the Company also implemented a new Stock Option Plan-JLL Employees Stock Option Plan 2011 (Plan 2011). Each Stock Option under Plan 2011 entitles the holder to one equity share of ₹ 1 each at the grant price which is the market price at the time of grant.

The Company during the year 2011-12, granted 891,383 Stock Options under Plan 2011. As on March 31, 2012, 164,562 Stock Options were outstanding under Plan 2005 and 860,580 Stock Options were outstanding under Plan 2011.

No dilution of capital due to exercise of Stock Options is expected, as Jubilant Employees Welfare Trust is envisaged to transfer the shares held by it to employees on exercise.

**(c) Paid-Up Capital**

The Paid-up Capital as at March 31, 2012 stands at ₹ 159,281,139 comprising of 159,281,139 equity shares of ₹ 1 each, same as in previous year.

**(xxi) Location of the Manufacturing Facilities**

| | |
|---|---|
| **Uttar Pradesh**<br>Bhartiagram, Gajraula – 244 223<br>District Jyotiba Phoolay Nagar | **Gujarat**<br>1. Block 133, Village Samalaya, Taluka Savli, District Vadodara – 391 520<br>2. Plot No. P-1-L-1 (Plot No. 5 of Jubilant SEZ), Vilayat GIDC, Taluka Vagra, District Bharuch - 392 012 |
| **Karnataka**<br>56, Industrial Area, Nanjangud,<br>District Mysore - 571 302<br><br>**Uttarakhand**<br>Sikanderpur Bhainswal, Bhagwanpur,<br>Roorkee - 247 661, District Haridwar | **Maharashtra**<br>1. Village Nimbut, Rly Stn. Nira, Tal-Baramati District Pune - 412 102<br>2. B-34, MIDC, Vadolgaon, Ambernath - 421 501<br>3. N-34, MIDC Anand Nagar, Addl. Ambernath - 421 506 |

**(xxii) R&D Centres**

| | |
|---|---|
| **Uttar Pradesh (Central R&D)**<br>C-26, Sector 59,<br>Noida - 201 301<br><br>D-12, Sector 59,<br>Noida - 201 301<br><br>C- 46, Sector 62,<br>Noida - 201 301 | **Uttar Pradesh (Gajraula R&D)**<br>Bhartiagram, Gajraula - 244 223<br>District Jyotiba Phoolay Nagar<br><br>**Karnataka (Nanjangud R&D)**<br>56 Industrial Area, Nanjangud,<br>District Mysore - 571 302<br><br>**Gujarat (Savli R&D)**<br>Block 133, Village Samalaya, Taluka Savli,<br>District Vadodara - 391 520 |

**(xxiii) Address for Correspondence**

Jubilant Life Sciences Limited
1A, Sector 16-A
Noida - 201 301
Uttar Pradesh, India
Tel: +91 120 4361000
Fax: +91 120 4234895
E-mail: investors@jubl.com
Website: www.jubl.com

**(xxiv)Corporate Identity Number (CIN)**

L24116UP1978PLC004624

**(xxv) Equity Shares in Suspense Account**

Pursuant to Clause 5A of the Listing Agreement, shareholders holding physical shares and not having claimed share certificates, had been sent three reminder letters to claim their equity shares. In terms of the aforesaid clause, equity shares, which remained unclaimed, were transferred during the year to JLL-Unclaimed Suspense Account. The details required under Clause 5A of the Listing Agreement are given below:

| | Number of Shareholders | Number of Equity Shares |
|---|---|---|
| Aggregate number of shareholders and the outstanding shares in the Unclaimed Suspense Account lying at the beginning of the year | ---- | ---- |
| Aggregate number of shareholders and the outstanding shares transferred to Unclaimed Suspense Account during the year | 4,845 | 2,731,320 |
| Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year | ---- | ---- |
| Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year | ---- | ---- |
| Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year | 4,845 | 2,731,320 |

The voting rights on the shares lying in JLL-Suspense Account will remain frozen till the rightful owners of such shares claim the shares.

**Compliance with Clause 49 of Listing Agreement**

**(a) Mandatory Requirements**

The Company has complied with all mandatory requirements of Clause 49 as detailed below:

| Particulars | Clause of Listing Agreement | Compliance Status |
|---|---|---|
| **I. Board of Directors** | | |
| (A) Composition of Board | 49(IA) | Complied |
| (B) Non-Executive Directors compensation and disclosure | 49(IB) | Complied |
| (C) Other provisions as to Board and committees | 49(IC) | Complied |
| (D) Code of Conduct | 49(ID) | Complied |
| **(II) Audit Committee** | | |
| (A) Qualified and Independent Audit Committee | 49(IIA) | Complied |
| (B) Meeting of Audit Committee | 49(IIB) | Complied |
| (C) Powers of Audit Committee | 49(IIC) | Complied |
| (D) Role of Audit Committee | 49(IID) | Complied |
| (E) Review of information by Audit Committee | 49(IIE) | Complied |
| **III. Subsidiary Companies** | 49(III) | Complied |
| **IV. Disclosures** | | |
| (A) Basis of Related Party Transaction | 49(IVA) | Complied |
| (B) Disclosure of accounting treatment | 49(IVB) | Complied |
| (C) Board Disclosures- Risk Management | 49(IVC) | Complied |
| (D) Proceeds from public issues, right issues, preferential issues etc. | 49(IVD) | Complied |
| (E) Remuneration of Directors | 49(IVE) | Complied |
| (F) Management | 49(IVF) | Complied |
| (G) Shareholders | 49(IVG) | Complied |
| **V. CEO/CFO certification** | 49(V) | Complied |
| **VI. Report on Corporate Governance** | 49(VI) | Complied |
| **VII. Compliance** | 49(VII) | Complied |

**(b) Extent to which Non-Mandatory Requirements have been adopted:**

1. **The Board**

- **Non Executive Chairman's Office**

Not applicable as Chairman is executive.

- **Tenure of independent directors not to exceed 9 years**

Not Adopted.

2. **Remuneration Committee**

The Company has set up a Remuneration Committee. The composition, terms of reference and other details of the same are given in preceding pages.

3. **Shareholders' Rights**

Quarterly and year to date results along with press release are sent to those shareholders whose email-ids are available with the Company.

4. **Audit Qualifications**

The financial statements of the Company contain no audit qualifications.

5. **Training of Board Members**

The Board of Directors is periodically updated on the business model, company profile, entry into new products and markets.

6. **Mechanism for Evaluating Non-Executive Board Members**

Not Adopted.

7. **Whistle Blower Policy**

The Company has a Whistle Blower Policy. The Audit Committee periodically reviews its functioning.

**Corporate Governance Voluntary Guidelines 2009**

The Central Government promulgated in December 2009, a set of Corporate Governance Guidelines ('CG Guidelines') for all companies. The Company has already complied with a significant portion of the Guidelines.

**Compliance with Code of Conduct**

A declaration by the Chairman and Managing Director that all directors and senior management personnel have affirmed compliance with the Code of Conduct of the Company for the year ended March 31, 2012 is enclosed as **Annexure F.**

**CEO/CFO Certification**

In compliance with Clause 49(V) of the Listing Agreement, a declaration by the CEO, i.e. the Chairman and Managing Director and the CFO i.e. the Executive Director- Finance, has been enclosed as **Annexure G** which *inter alia* certifies to the Board the accuracy of financial statements and the adequacy of internal controls for the financial reporting purpose.

**Secretarial Audit Report**

The Company has voluntarily got Secretarial Audit conducted by M/s Sanjay Grover & Associates, Company Secretaries, for the year 2011-12. Their Secretarial Audit Report is attached as **Annexure H.**

## ANNEXURE – E

### AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AS PER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES

To the Members of

**Jubilant Life Sciences Limited**

We have examined the compliance of conditions of corporate governance by Jubilant Life Sciences Limited ("the Company") for the year ended on March 31, 2012, as stipulated in clause 49 of the Listing Agreements of the Company with the stock exchanges. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.

The compliance of conditions of corporate governance is the responsibility of the Company's management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations sought and replies given to us by the Company, its Directors and Officers, we certify that the Company has complied with, in all material respects, the mandatory conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **K. N. Gutgutia & Co.**
Firm Registration Number : 304153E
Chartered Accountants

Place : Noida
Date : May 7, 2012

**B.R. Goyal**
Partner
Membership No. 12172

# ANNEXURE – F

## TO WHOM IT MAY CONCERN

This is to confirm that all the Board members and senior management personnel have affirmed compliance with the Code of Conduct of the Company for the year ended March 31, 2012.

For **JUBILANT LIFE SCIENCES LIMITED**

**Shyam S. Bhartia**
Chairman & Managing Director

Place : Noida
Date : May 7, 2012

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# ANNEXURE – G

## CERTIFICATE OF CEO/CFO

This is to certify that:

(a) We have reviewed financial statements and the cash flow statement for the year 2011-12 and that to the best of our knowledge and belief:

   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit committee:

   i. significant changes in internal control over financial reporting during the year;

   ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For **Jubilant Life Sciences Limited**

**Shyam S. Bhartia**
Chairman & Managing Director

**R. Sankaraiah**
Executive Director – Finance

Place : Noida
Date : May 7, 2012

## ANNEXURE – H

### SECRETARIAL AUDIT REPORT

**The Board of Directors**

**Jubilant Life Sciences Limited**

**Noida**

We have examined the registers, records and documents of Jubilant Life Sciences Limited (hereinafter referred to as "the Company") for the financial year ended on **March 31, 2012** according to the provisions of-

- The Companies Act, 1956 ("the Act") and the Rules made thereunder;
- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
    - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 2011;
    - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
    - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
    - The Equity Listing Agreements with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
    - The regulations as contained in Foreign Exchange Management (Transfer or issue of Security by a person resident outside India) Regulations, 2000 (FEMA Regulations).

1. Based on our examination and verification of the registers, records and documents produced before us and according to the information and explanations given to us by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company during the audit period covering the financial year ended on 2011-2012 has complied with the provisions of the Act and the Rules made thereunder and the Memorandum and Articles of Association of the Company, with regard to:

    I. maintenance of various statutory registers and documents and making necessary entries therein;

    II. closure of the Register of Members;

    III. forms, returns, documents and resolutions required to be filed with the Registrar of Companies, Uttar Pradesh and Uttarakhand and the Central Government;

    IV. service of documents by the Company on its Members;

    V. notice of the Board meetings and Committee meetings of Directors;

    VI. the meetings of Directors and Committees of Directors;

    VII. the 33rd Annual General Meeting held on August 23, 2011;

    VIII. minutes of proceedings of General Meetings and of Board and its Committee Meetings;

    IX. approval of the Members, the Board of Directors, the Committees of Directors and government authorities, wherever required;

    X. constitution of the Board of Directors/Committee(s) of Directors and appointment, retirement of Directors;

    XI. payment of remuneration to the Directors including the Managing Director and Whole- time Directors;

    XII. appointment and remuneration of Auditors and Cost Auditors;

XIII. transfer and transmission of the Company's shares;

XIV. declaration and payment of dividend;

XV. borrowings and registration of charges;

XVI. investment of the Company's funds including loans and investments;

XVII. form of balance sheet as prescribed under Part I of Schedule VI to the Act and requirements as to Profit & Loss Account as per Part II of the said Schedule;

XVIII. contracts, common seal, registered office and publication of name of the Company;

2. We further report that:

    I. The Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings and directorships in other companies and interests in other entities;

    II. The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the code of Conduct for Directors and Senior Management.

    III. The Company has obtained all necessary approvals under the various provisions of the Act, wherever applicable;

    IV. During the period of Audit, there was no prosecution initiated against or show cause notice received by the Company, its Directors and Officers under the provisions of the Act, SEBI Act, FEMA Regulations and Listing Agreement(s).

3. We further report that:

    I. The Company has complied with the requirements under the Equity Listing Agreements entered into with the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

    II. The Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

    III. The Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the Regulations.

    IV. The Company has complied with the provisions of Foreign Exchange Management (Transfer or issue of Security by a person resident outside India) Regulations, 2000.

For **Sanjay Grover & Associates**
Company Secretaries

**Sanjay Grover**
FCS No.4223
C.P No.3850

Place : New Delhi
Date : May 04, 2012

# Auditors' Report

## AUDITORS' REPORT TO THE MEMBERS OF JUBILANT LIFE SCIENCES LIMITED

1. We have audited the attached Balance Sheet of JUBILANT LIFE SCIENCES LIMITED ('the Company') as at 31st March, 2012 and the related Statement of Profit and Loss for the year ended on that date annexed thereto, and the Cash Flow Statement of the company for the period ended on that date, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as considered appropriate and according to the information and explanation given to us during the course of our audit, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments mentioned in the Annexure referred to in paragraph 3 above, we report that:

   a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;

   b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;

   c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by the report are in agreement with the books of account of the Company;

   d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report; comply with the mandatory Accounting Standards referred to in Sub-Section 3 (c) of Section 211 of the Companies Act, 1956.

   e) According to the information and explanation given to us and on the basis of written representations received from the directors as on 31st March, 2012 of the Company and taken on record by the Board of Directors, we report that none of the directors is disqualified, as on 31st March, 2012, from being appointed as a director in terms of clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956.

   f) In our opinion and to the best of our information and according to the explanations given to us, the said Financial Statements, read together with the notes and Significant Accounting Policies thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012.

      (ii) In the case of the Statement of Profit and Loss, of the Loss of the Company for the year ended on that date; and

      (iii) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**For K.N. GUTGUTIA & COMPANY**
Firm Registration Number: 304153E
Chartered Accountants

**B.R. GOYAL**
Partner
Membership No. 12172

Place : Noida
Date : 7th May, 2012

## ANNEXURE TO THE AUDITORS' REPORT

## Re: JUBILANT LIFE SCIENCES LIMITED

Referred to in paragraph 3 of our report of even date on the accounts of the Company for the year ended 31st March, 2012.

i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) As explained to us, physical verification of fixed assets has been carried out in terms of the phased programme of verification of its fixed assets adopted by the Company and no material discrepancies were noticed on such verification. In our opinion the frequency of verification is reasonable, having regard to the size of the Company and nature of its business.

(c) During the year the Company has not disposed off any substantial/ major part of fixed assets.

ii) (a) The inventory has been physically verified, during the year, by the management at reasonable intervals.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) On the basis of our examination of inventory records, in our opinion, the Company is maintaining proper records of inventory. In our opinion, discrepancies noticed on physical verification of stocks as compared to book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.

iii) (a) There are only two Companies(Subsidiaries) covered in the register maintained under section 301 of the Companies Act,1956 to whom the Company has granted loans. The maximum amount involved during the year was ₹ 2,096.87 million (including the opening balance) and the year end total balance of loans granted to such parties was ₹ 1,803.55 million.

(b) In our opinion the rate of interest(wherever leviable) and other terms and condition on which loan were granted to the said Companies listed in register maintained under section 301 of the Companies Act, 1956 are not prima facie, prejudicial to the interest of the Company.

(c) The parties pay principal amounts as and when demanded and the parties were regular in the matter of payment of interest, wherever applicable.

(d) There is no overdue amount of loan granted to the said companies.

(e) The Company had taken short term loan from one company covered in the register maintained under section 301 of the Companies Act, 1956. The amount involved were ₹ 120 million and the maximum balance was ₹ 120 million during the year and the year end balance was ₹ 65 million and the loan is repayable on demand. The rate of interest and terms of such loan, prima facie, are not prejudicial to the interest of the Company.

iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.

v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register under Section 301 have been made at prices which are reasonable having regard to prevailing market prices, to the extent comparable prices were available, at the relevant time.

vi) In the case of public deposits received by the Company in the earlier years and remaining unclaimed, the directives issued by the Reserve Bank of India and the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules 1975, have been Compiled with. No order has been passed by the Company Law Board or National

Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

vii) In our opinion, the company has an internal audit system commensurate with the size of the company and the nature of its business.

viii) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of the cost records under clause (d) of Sub Section (1) of Section 209 of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been maintained. We are, however, not required to and have not carried out any detailed examination of such accounts and records with a view to determining whether they are accurate or complete.

ix) (a) According to the records examined by us , the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investors education and protection fund, employees state insurance, income tax , sales-tax , wealth tax, service tax, custom duty, excise duty, cess and other statutory dues wherever applicable. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March, 2012 for a period of more than six months from the date they became payable.

(b) According to the records of the Company, the dues of customs, service tax, excise duty, cess which have not been deposited on account of disputes and the forum where the disputes are pending are as under:

| | Name of the Statute | Nature of the Dues | Amount (₹ in million) | Period to which the amount relates | Forum Where dispute is pending |
|---|---|---|---|---|---|
| 1 | **Central Excise Act, 1944** | Excise Duty | 1.26 | April 2001 to March 2002 | Joint Commissioner, Pune |
| | | Excise Duty | 3.70 | April 2004 to July 2005 | Additional Commissioner, Pune |
| | | Excise Duty | 0.42 | March 1997 | Additional Commissioner Meerut |
| | | Excise Duty | 1.27 | February 2003 to September 2004 | Commissioner, Meerut |
| | | Excise – EOU | 0.31 | April, 2007 to November 2007 | Deputy Commissioner, Hapur |
| | | CENVAT on R&D Input Services | 72.63 | April 2006 to March, 2011 | Commissioner, Noida |
| | | Excise Duty | 140.43 | April 2006 to March, 2011 | Commissioner, Meerut |
| | | Excise Duty | 115.91 | April 2007 to March, 2011 | Commissioner, Meerut |
| 2. | **Customs Act, 1962** | Custom Duty + Interest | 26.11 | April, 2002 to October , 2005 | A. C. Custom ICD, Tuglakabad |
| | | Custom Duty + Interest | 69.18 | August, 2004 to February, 2009 | A.C. Customs, Mumbai |
| | | Custom Duty + Interest | 7.70 | 2002-2008 | Additional Commissioner, Delhi |
| 3. | **Service Tax , Finance Act, 1994** | Service Tax | 0.35 | April, 2003 to March 2004 | Asstt. Commissioner, Hapur |
| | | Service Tax on Foreign Payments | 23.22 | April 2006 to March, 2007 | CESTAT, New Delhi |
| | | Service Tax on Foreign Payments | 0.89 | October 2009 to March, 2010 | Assistant Commissioner, Noida |

The above table excludes the disputed cases pertaining to the businesses demerged into Jubilant Industries Ltd pursuant to the Scheme of Amalgamation and Demerger as sanctioned by Hon'ble Allahabad High Court in the previous year, though the same are still being pursued in the Company's name.

x) There are no accumulated losses of the Company as at 31st March 2012. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

xi) Based on our audit procedures and on the basis of the information and explanations given to us by the management, we are of the opinion that the company has not defaulted in repayment of dues to any financial institution, bank or debenture holders/bond holders.

xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/ or advances on the basis of security by way of pledge of shares, debentures and other securities. Hence, paragraph 4(xii) of order is not applicable.

xiii) In our opinion, the Company is not a Chit Fund/Nidhi/ Mutual Fund/Society. Therefore, the provisions of paragraph 4 (xiii) of the Order are not applicable to the company.

xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures, and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company. However, all investments have been held by it in its own name or its nominees.

xv) According to the information and explanations given to us, Company has given guarantees for loans taken by others (by the step down subsidiary companies) from Banks and the terms of such guarantees are not prejudicial to the interest of the company.

xvi) According to the information and explanations given to us, the term loans raised during the year have been applied, to the extent used, for the purpose for which they were raised and the balance moneys pending utilisation are lying in Current Accounts/Deposits with the banks.

xvii) According to the information & explanation given to us and on an overall examination of the Balance Sheet of the company, we report that the no funds raised on short-term basis have been used for long term investment.

xviii) The Company has not made any preferential allotment of shares during the year to parties/companies covered in the register maintained under section 301 of the companies Act, 1956.

xix) During the year covered by our audit report, the Company has not issued secured debentures.

xx) The company has not raised money by Public Issue during the year.

xxi) Based upon the audit procedures performed and as per the information and explanations given by the management to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended 31st March, 2012.

**For K.N. GUTGUTIA & COMPANY**
Firm Registration Number: 304153E
Chartered Accountants

**B.R. GOYAL**
Partner
Membership No. 12172

Place : Noida
Date : 7th May, 2012

# Balance Sheet

(₹ in million)

| As at 31st March, | Note No | 2012 | | 2011 | |
|---|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | | |
| **Shareholders' Funds** | | | | | |
| Share capital | 2 | 159.30 | | 159.30 | |
| Reserves & surplus | 3 | 19,739.10 | | 21,246.60 | |
| | | | 19,898.40 | | 21,405.90 |
| **Non-current liabilities** | | | | | |
| Long-term borrowings | 4 | 24,222.12 | | 22,390.63 | |
| Deferred tax liabilities (Net) | 5 | 2,114.13 | | 1,899.02 | |
| Long-term provisions | 6 | 1,568.85 | | 308.76 | |
| | | | 27,905.10 | | 24,598.41 |
| **Current liabilities** | | | | | |
| Short-term borrowings | 7 | 4,847.32 | | 7,412.14 | |
| Trade payables | 8 | 7,067.00 | | 4,158.85 | |
| Other current liabilities | 9 | 1,867.86 | | 1,432.25 | |
| Short-term provisions | 10 | 883.54 | | 3,843.33 | |
| | | | 14,665.72 | | 16,846.57 |
| **Total** | | | **62,469.22** | | **62,850.88** |
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Fixed assets | | | | | |
| Tangible assets | 11 | 17,663.10 | | 14,917.00 | |
| Intangible assets | 12 | 737.58 | | 468.13 | |
| Capital work-in-progress | 11 | 2,520.78 | | 2,694.95 | |
| Intangible assets under development | 12 | 1,668.80 | | 1,475.18 | |
| Non-current investments | 13 | 19,380.24 | | 18,523.05 | |
| Long-term loans and advances | 14 | 4,178.35 | | 4,052.25 | |
| Other non-current assets | 15 | 720.11 | | - | |
| | | | 46,868.96 | | 42,130.56 |
| **Current assets** | | | | | |
| Current investments | 16 | 217.00 | | 117.50 | |
| Inventories | 17 | 5,933.26 | | 4,047.00 | |
| Trade receivables | 18 | 4,038.25 | | 3,345.17 | |
| Cash & bank balances | 19 | 2,031.97 | | 9,852.59 | |
| Short-term loans and advances | 20 | 3,203.38 | | 3,316.03 | |
| Other current assets | 21 | 176.40 | | 42.03 | |
| | | | 15,600.26 | | 20,720.32 |
| **Total** | | | **62,469.22** | | **62,850.88** |
| **Statement of significant accounting policies & Notes to the Financial Statements** | 1-57 | | | | |

In terms of our report of even date attached.

For and on behalf of the Board

for **K.N. Gutgutia & Co.**
Firm Registration Number : 304153E
Chartered Accountants

**B.R. Goyal**
Partner
Membership No. 12172

**Shyam S. Bhartia**
Chairman & Managing Director

Place: Noida
Date : 7th May, 2012

**Lalit Jain**
Company Secretary

**R. Sankaraiah**
Executive Director - Finance

**Hari S. Bhartia**
Co-Chairman & Managing Director

# Statement of Profit and Loss

(₹ in million)

| For the year ended 31st March, | Note No | 2012 | | 2011 | |
|---|---|---|---|---|---|
| **REVENUE** | | | | | |
| Revenue from operations (gross) | 22 | 27,331.70 | | 22,852.85 | |
| Less: excise duty | | (921.03) | | (768.08) | |
| Revenue from operations (net) | | | 26,410.67 | | 22,084.77 |
| Other income | 23 | | 89.41 | | 51.45 |
| **Total revenue** | | | **26,500.08** | | **22,136.22** |
| **EXPENSES** | | | | | |
| Cost of materials consumed | 24 | | 12,399.52 | | 9,014.25 |
| Purchase of traded goods | 25 | | 2,436.79 | | 2,248.19 |
| Change in inventories of finished goods, work-in-progress and traded goods | 26 | | (932.61) | | (313.07) |
| Other manufacturing expenses | 27 | | 4,618.12 | | 3,498.42 |
| Employee benefits expenses | 28 | | 2,072.32 | | 1,728.11 |
| Finance costs | 29 | | 1,544.21 | | 466.52 |
| Depreciation & amortisation expense | 11&12 | | 1,320.03 | | 999.07 |
| Other expenses | 30 | | 1,700.32 | | 1,449.72 |
| **Total expenses** | | | **25,158.70** | | **19,091.21** |
| **Profit before exceptional items and tax** | | | **1,341.38** | | **3,045.01** |
| Exceptional items | 31 | | 1,800.84 | | 45.53 |
| **Profit/(Loss) before tax** | | | **(459.46)** | | **2,999.48** |
| Tax expenses: | 47&48 | | | | |
| - Current tax | | | 132.75 | | 884.67 |
| - MAT credit entitlement | | | 1.83 | | (603.38) |
| - Deferred tax charge/(credit) | | | 215.11 | | (78.07) |
| | | | **349.69** | | **203.22** |
| **Profit/(Loss) for the year** | | | **(809.15)** | | **2,796.26** |
| **Basic earnings per share of ₹ 1 each (In Rupees)** | 56 | | (5.08) | | 17.56 |
| **Diluted earnings per share of ₹ 1 each (In Rupees)** | 56 | | (5.08) | | 15.87 |
| **Statement of significant accounting policies & Notes to the Financial Statements** | 1-57 | | | | |

In terms of our report of even date attached.

For and on behalf of the Board

for **K.N. Gutgutia & Co.**
Firm Registration Number : 304153E
Chartered Accountants

**B.R. Goyal**
Partner
Membership No. 12172

**Shyam S. Bhartia**
Chairman & Managing Director

Place: Noida
Date : 7th May, 2012

**Lalit Jain**
Company Secretary

**R. Sankaraiah**
Executive Director - Finance

**Hari S. Bhartia**
Co-Chairman & Managing Director

# Cash Flow Statement

(₹ in million)

| For the year ended 31st March, | 2012 | 2011 |
|---|---|---|
| **A. Cash flow arising from operating activities :** | | |
| **Net profit before tax** | (459.46) | 2,999.48 |
| Adjustments for: | | |
| Depreciation & amortisation | 1,320.03 | 999.07 |
| Loss/(Gain) on sale/disposal/discard of fixed assets/intangibles | 203.12 | 95.64 |
| Finance costs | 1,544.21 | 466.52 |
| Amortisation of FCMITDA | 405.05 | (102.68) |
| Provision for doubtful debts | 0.72 | (0.34) |
| Provision for employee benefits | 77.92 | 65.73 |
| Bad debts/irrecoverable advances written off (net off write-in) | 7.66 | (21.33) |
| Unrealised (gain)/loss on exchange (including mark-to-market on currency and interest rate swaps) | 1,222.05 | (49.29) |
| Repairs to plant & machinery(non-cash) | - | 9.97 |
| Interest income (as shown in Note 23) | - | (12.73) |
| Income from current investment (non trade) - dividend | (13.29) | (2.70) |
| | 4,767.47 | 1,447.86 |
| **Operating profit before working capital changes** | **4,308.01** | **4,447.34** |
| Adjustments for : | | |
| (Increase)/Decrease in trade and other receivables | (1,206.35) | (1,111.68) |
| (Increase)/Decrease in inventories | (1,886.26) | (1,046.84) |
| Increase/(Decrease) in trade and other payables | 3,110.16 | 929.37 |
| **Cash generated from operations** | **4,325.56** | **3,218.19** |
| Direct taxes paid (net of refunds) | (266.31) | (821.79) |
| Interest income received | - | 0.17 |
| **Net cash inflow/(outflow) in course of operating activities** | **4,059.25** | **2,396.57** |
| **B. Cash flow arising from investing activities :** | | |
| Acquisition/purchase of fixed assets/CWIP(including capital advances) | (4,557.45) | (3,596.34) |
| Sale proceeds of fixed assets | 3.63 | 21.39 |
| Investment in Subsidiaries | (956.69) | (2,121.47) |
| (Purchase)/sale of investments (net) | - | 1,862.25 |
| Loan to subsidiaries | 277.68 | (568.23) |
| Movement in other bank balances | (2.99) | (0.93) |
| Interest received | 203.62 | 153.74 |
| Dividend received | 13.29 | 2.70 |
| **Net cash inflow/(outflow) in course of investing activities** | **(5,018.91)** | **(4,246.89)** |
| **C. Cash flow arising from financing activities :** | | |
| Proceeds from long term & short term borrowings | 7,875.18 | 20,719.16 |
| Repayment of long term & short term borrowings | (3,212.87) | (7,507.99) |
| Repayment of FCCB(including premium on redemption of FCCB) | (9,442.01) | (3,318.10) |
| Loan from subsidiaries | 65.00 | - |
| Dividend paid (including dividend distribution tax) | (368.08) | (369.12) |
| Finance cost paid | (1,781.17) | (668.45) |
| **Net cash inflow/(outflow) in course of financing activities** | **(6,863.95)** | **8,855.50** |
| **Net Increase in cash & cash equivalents (A+B+C)** | **(7,823.61)** | **7,005.18** |
| Add: cash & cash equivalents at the beginning of year(including balance in dividend accounts) | 9,846.99 | 4,337.54 |
| Adjustment: cash & cash equivalents on account of scheme of amalgamation & demerger | - | (1,495.73) |
| **Cash & cash equivalents at the close of the year(including balance in dividend accounts)** | **2,023.38** | **9,846.99** |

**Notes:**

1) Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard 3 (AS-3)-" Cash Flow Statements".
2) Purchase/acquisition of fixed assets includes movement of CWIP during the year.
3) Closing Cash & Cash Equivalents includes ₹ 1,783.06 million (Previous Year ₹ 12.27 million) which has restricted use-(Refer Note 19).

In terms of our report of even date attached.

For and on behalf of the Board

for **K.N. Gutgutia & Co.**
Firm Registration Number : 304153E
Chartered Accountants

**B.R. Goyal**
Partner
Membership No. 12172

**Shyam S. Bhartia**
Chairman & Managing Director

Place: Noida
Date : 7th May, 2012

**Lalit Jain**
Company Secretary

**R. Sankaraiah**
Executive Director - Finance

**Hari S. Bhartia**
Co-Chairman & Managing Director

# Notes to the Financial Statements

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

**Corporate Information**

Jubilant Life Sciences Limited (the Company) is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 1956. Its shares are listed on Bombay Stock Exchange and National Stock Exchange of India. The company is a global Pharmaceutical and Life Sciences player engaged in manufacture and supply of APIs, Generics and Life Science Ingredients. The company's strength lies in its unique offerings of Pharmaceutical and Life Sciences products and services across the value chain. It is well recognised as a 'Partner of Choice' by leading pharmaceuticals and life sciences companies globally.

### A. Basis of preparation and presentation of financial statements

The accounts of the Company are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ("GAAP") and comply with the mandatory accounting standards notified under the Companies (Accounting Standards) Rules, 2006, as amended, and with the relevant provisions of the Companies Act, 1956. The financial statements are presented in Indian rupees rounded off to the nearest million.

The preparation of financial statements in conformity with 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 financial statements and the results of operations during the reporting periods. Examples of such estimate include future obligations under employee benefit plans, income taxes, useful lives of fixed assets and intangible assets, impairment of assets, provision for doubtful debts etc. Management believes that the estimates used in the preparation of the financial statements is prudent and reasonable. Actual results could vary from these estimates. Appropriate changes in estimates are made as the management becomes aware of the changes in circumstances surrounding the estimates. Any revision to accounting estimates is recognised in the period in which such results are known/materialised. Effect of material changes is disclosed in the notes to the financial statements.

During the year ended March 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company for presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statement. However, the revised Schedule VI has a significant impact on the presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisitions of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current-non current classification of assets and liabilities.

### B. Tangible and Intangible Fixed Assets

Fixed assets are stated at cost net of tax/duty credits availed, if any, less accumulated depreciation/amortization/impairment losses. The cost of fixed assets includes effect of exchange differences on long term foreign currency borrowings, freight, other incidental expenses related to the acquisition and installation of the respective assets and borrowing costs directly attributable to fixed assets which necessarily take a substantial period of time to get ready for their intended use. In case of fixed assets acquired at the time of amalgamation of certain entities with Company, the same are recognised at book value in case of amalgamation in the nature of merger and at book value / fair value in case of amalgamation in the nature of purchase in line with Accounting Standard 14 (AS 14)-"Accounting for Amalgamations". Insurance spares/standby equipments are capitalised as part of the mother asset and are depreciated at applicable rates, over the remaining useful life of the mother asset.

Cost incurred for product development leading to Product Registrations/Market Authorization is recognised as intangible asset when it is probable that the future economic benefits that is attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Expenditure for acquisition and implementation of software systems is recognised as part of the intangible assets.

Expenditure incurred on start up and commissioning of the project and /or substantial expansion, including the expenditure incurred on trial runs (Net of trial run receipts, if any) up to the date of commencement of commercial production are capitalised. Subsequent expenditures related to an item of fixed asset are capitalised to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance. Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets are recognised in the Statement of Profit and Loss.

## C. Depreciation and Amortisation

Depreciation is provided on straight line method at rates mentioned and in the manner specified in Schedule XIV to the Companies Act, 1956 (as amended), and read with statement as mentioned hereunder, on the original cost/ acquisition cost of assets or other amounts substituted for cost. Certain plants were classified as continuous process plants from the financial year ended 31st March, 2000 on technical assessment, (relied upon by the auditor being a technical matter) and depreciation on such assets has been provided accordingly.

Depreciation, in respect of assets added/installed up to December 15, 1993, is provided at the rates applicable at the time of additions/installations of the assets, as per the Companies Act, 1956 and depreciation, in respect of assets added/installed during the subsequent period, is provided at the rates, mentioned in Schedule XIV to the Companies Act, 1956 read with Notification dated 16th December, 1993 issued by Department of Company Affairs, Government of India except for the following classes of fixed assets which are depreciated over the useful life estimated as under;

a. R&D related equipment & machineries: ten years.

b. Moulds, dies and punches for manufacture of dosage formulations: five years

c. Motor vehicles: five years.

d. Motor vehicles under finance lease: Tenure of lease or five years whichever is shorter.

e. Computer & Information Technology related assets: three to five years.

f. Certain employee perquisite related assets: five years, being the period of the perquisite scheme.

However, the depreciation rates so arrived at are not lower than the rates prescribed in Schedule XIV to the Companies Act, 1956.

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

Depreciation on exchange fluctuation capitalised is charged over the remaining useful life of assets in view of the option exercised by the Company for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with Para 46 and 46A of Accounting Standard 11 (AS-11) – “The Effects of Changes in Foreign Exchange Rates” . Also refer Note 50.

Leasehold land is amortised over period of the lease.

Intangible assets in the nature of Product Registrations/ Market Authorization are amortised on a straight-line basis over a period of five years from the date of regulatory approval or the product going off-patent whichever is later. Software systems are being amortised over a period of five years being their useful life. Rights are amortised over the useful life.

## D. Leases

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Lease payment is allocated between the liability and finance charges so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

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

## E. Valuation of Inventories

Inventories are valued at lower of cost or net realizable value except scrap, which is valued at net estimated realizable value.

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

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

Cost includes all direct costs, cost of conversion and appropriate portion of variable and fixed production overheads and such other costs incurred as to bring the inventory to its present location and condition inclusive of excise duty wherever applicable.

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

## F. Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as noncurrent investments. Current investments are carried at cost or fair value, whichever is lower. Non current investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

Investment in foreign subsidiary companies are expressed in Indian currency at the rates prevailing on the date when the remittance for the purpose was made/ foreign currency balance lying abroad was used, as the case may be.

## G. Income Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period.

### Current Tax

Current tax expense is based on the provisions of Income Tax Act, 1961 and judicial interpretations thereof as at the Balance Sheet date and takes into consideration various deductions and exemptions to which the Company is entitled to as well as the reliance placed by the Company on the legal advices received by it. Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

### Deferred Tax

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the current year and reversal of timing differences for earlier years. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each Balance Sheet date and are written-down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

### Minimum Alternate Tax

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

## H Foreign Currency Conversions/ Translations

i) **Initial Recognition:** Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on/or closely approximating to the date of the transaction.

ii) **Conversion:** Foreign currency monetary items are reported using the closing rate or at the spot rate at the inception of forward contract where forward cover for the specific monetary item has been taken. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when such values were determined.

iii) **Exchange Differences:** All monetary assets and liabilities in foreign currency are restated at the period end exchange rate. The Company has opted for accounting of exchange differences arising on reporting of long term foreign currency monetary items under clause 46A of Accounting Standard 11 (AS-11) – “The Effects of Changes in Foreign Exchange Rates”. Accordingly, foreign exchange difference attributable to depreciable asset is adjusted in the cost of the depreciable asset, which would be depreciated over the balance life of the asset. In other cases, the foreign exchange difference is accumulated in a Foreign Currency Monetary Item Translation Difference Account (FCMITDA), and amortised over the balance period of such long term asset/ liability. A monetary asset or liability is termed as a long-term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of 12 months or more at the date of origination of the asset or liability.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting of such monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise.

iv) **Foreign Exchange Forward Contracts:** The premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing monetary item, is amortised as expense or income over the life of the contract. Any profit or loss arising on cancellation or renewal of such a forward exchange contract are recognised as an income or as an expense for the period.

## I. Hedge Accounting

In conformity with ICAI announcement on early application of Accounting Standard 30 on “Financial Instruments : Recognition and Measurement”, the Company has adopted AS 30 issued by ICAI so far as it relates to hedge accounting as the adoption does not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company Law and other regulatory requirements.

The Company has a comprehensive risk management system, based on which hedging instruments and hedged items are identified and designated in accordance with requirements AS 30. Hedges are classified as cash flow hedge when they meet the conditions specified in AS 30. The hedged item and the hedging instrument are assessed for its effectiveness as per the criteria specified in AS 30.

In respect of cash flow hedge, that is determined to be an effective hedge, the effective portion of the gain or loss on the hedging instrument is recognised directly in hedging reserve account and the ineffective portion of the gain or loss on the hedging instrument is recognised in the Statement of Profit and Loss. If the hedging instrument no longer meets the hedging criteria for hedge accounting, expires or sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in hedging reserve remains there until the forecasted transaction occurs. If the forecast transaction is no longer expected to occur, then the balance in hedging reserve is recognised immediately in Statement of Profit and Loss. In other cases, the amount recognised in the hedging reserve is transferred to Statement of Profit and Loss in the same period during which the hedged item affects the Statement of Profit and Loss.

## J. Derivative Contracts

The Company enters into derivative contracts in the nature of foreign currency swaps, forward contracts etc. with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for foreign currency conversions/translations.

Derivative contracts designated as a hedging instrument for highly probable forecast transactions are accounted as per the policy stated for hedge accounting. All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised until realised as a matter of prudence.

## K. Provisions, Contingent Liabilities and Contingent Assets

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed in respect of possible obligations that may arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognised/ disclosed. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

## L. Research and Development

Research costs are expensed as incurred and presented under the natural heads of expenditure.

Development cost including regulatory cost and legal expenses leading to Product Registration/ Market Authorisation relating to the new and/or improved product and/or process development is recognised as an intangible asset to the extent it is expected, that such asset will generate future economic benefits, adequate technical, financial and other resources required to complete the development and to use or sell the asset are available and the expenditure attributable to the asset during its development can be measured reliably.

## M. Employee Benefits

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

**(ii) Post-employment benefits:** Post employment benefit plans are classified into defined contribution plans and defined benefit plans in line with the requirements of AS 15 on “Employee Benefits”.

**a. Gratuity and Leave encashment**

Gratuity and leave encashment which are defined benefits are recognised in the Statement of Profit and Loss based on actuarial valuation using projected unit credit method as at Balance Sheet date by an independent actuary. Actuarial gains and losses arising from the experience adjustment and change in actuarial assumption are immediately recognised in the Statement of Profit and Loss as income or expense. The gratuity liability for certain employees of some of the units of the Company is funded with Life insurance Corporation of India.

**b. Superannuation**

Certain employees of Company are also participants in the superannuation plan ('the Plan'), a defined contribution plan. Contribution made by the Company to the plan during the year is charged to Statement of Profit and Loss.

**c. Provident Fund**

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

ii) For other employees, Provident fund is deposited with Regional Provident Fund Commissioner. This is treated as defined contribution plan. Company's contribution to the provident fund is charged to Statement of Profit and Loss.

**d. Other Long Term Employee Benefits:**

All employee benefits (other than post-employment benefits and termination benefits) which do not fall due within twelve months after the end of the period in which the employees render the related services are determined based on actuarial valuation using the projected unit credit method carried out at each Balance Sheet date. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise. Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits.

## N. Borrowing Costs

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

## O. Revenue Recognition

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

Goods sold on consignment are recorded as Inventory until goods are sold by the consignee to the end customer.

Revenue from time and material contracts is recognised as hours are incurred, multiplied by contractual billing rates. Revenue from unit-based contracts is recognised as units are completed. Revenue from fixed-price contracts are recorded on a proportional completion basis. Refundable fees are deferred and recognised as revenue in the period in which all contractual obligations are met and the contingency is resolved.

Revenue related to contract manufacturing arrangements and development contracts is recognised when performance obligations are substantially fulfilled.

Revenue from licensing & regulatory services is recognised when performance obligations are fulfilled.

Sale of utility is recognised on delivery of the same to the consumers and collection is reasonably assured.

Export incentives/ benefits are accounted for on accrual basis in the year in which exports are made and where recovery is reasonably assured.

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

Dividend income is recognised when the right to receive the income is established. Income from interest on deposits, loans and interest bearing securities is recognised on time proportionate method.

### P. Premium on Foreign Currency Convertible Bonds (FCCBs)

Premium payable on redemption of foreign currency convertible bonds (FCCBs) is charged against securities premium account over the tenure of FCCBs.

### Q. Segment Reporting

The accounting policies adopted for segment reporting are in line with accounting policies of the Company. 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 & 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 Company. Revenues, expenses, assets and liabilities, which are common to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been treated as “Common Revenues/Expenses/ Assets/Liabilities”, as the case may be.

### R. Earnings per share

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

### S. Impairment of Fixed Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset/cash generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset/cash generating unit. If such recoverable amount of the asset or the recoverable amount of the cash generating unit is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss.

An assessment is also done at each Balance Sheet date whether there is any indication that an impairment loss recognised for an asset/cash generating unit in prior accounting periods may no longer exist or may have decreased. If any such indication exist, the asset’s/cash generating unit’s recoverable amount is estimated. The carrying amount of the fixed asset/cash generating unit is increased to the revised estimate of its recoverable amount but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous periods. A reversal of impairment loss is recognised in the Statement of Profit and Loss.

### T. Employee Stock Option Schemes

Equity settled stock options granted are accounted for as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Guidelines, 1999, issued by Securities and Exchange Board of India and the Guidance Note on “Accounting for Employee Share-based Payment” issued by the Institute of Chartered Accountants of India. The intrinsic value of the option being excess of market value of the underlying share immediately prior to date of grant over its exercise price is recognised as deferred employee compensation with a credit to employee stock option outstanding account. The deferred employee compensation is charged to Statement of Profit and Loss on straight line basis over the vesting period of the option. The options that lapse are reversed by a credit to employee compensation expense, equal to the amortised portion of value of lapsed portion and credit to deferred employee compensation expense equal to the unamortised portion.

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| **2. SHARE CAPITAL** | | |
| **Authorised** | | |
| 655,000,000 equity shares of ₹ 1 each | 655.00 | 655.00 |
| (Previous Year 655,000,000 equity shares of ₹ 1 each) | | |
| | **655.00** | **655.00** |
| **Issued & Subscribed** | | |
| 159,313,139 equity shares of ₹ 1 each | 159.31 | 159.31 |
| (Previous Year 159,313,139 equity shares of ₹ 1 each) | | |
| | **159.31** | **159.31** |
| **Paid up** | | |
| 159,281,139 equity shares of ₹ 1 each | 159.28 | 159.28 |
| (Previous Year 159,281,139 equity shares of ₹ 1 each) | | |
| Add: equity shares forfeited (paid up) | 0.02 | 0.02 |
| | **159.30** | **159.30** |

**Notes :**

2.1 Paid up capital includes, 501,364, equity shares of ₹ 1 allotted and issued pursuant to the Scheme of Amalgamation and Demerger, to the shareholders of erstwhile Pace Marketing Specialities Limited for consideration other than cash during the year 2010-11.

2.2 The Company has only one class of shares referred to as equity shares having par value of ₹ 1. Each holder of equity shares is entitled to one vote per share.

2.3 The details of shareholders holding more than 5% shares is set out below:

| Name of the shareholder | As at 31st March, 2012 | | As at 31st March, 2011 | |
|---|---|---|---|---|
| | No of shares | % held | No of shares | % held |
| Jubilant Stock holding Pvt Ltd | 21,740,992 | 13.65% | 18,777,960 | 11.79% |
| Jubilant Capital Pvt Ltd | 21,007,665 | 13.19% | 21,007,665 | 13.19% |
| Jubilant Securities Pvt Ltd | 18,698,979 | 11.74% | 18,698,979 | 11.74% |
| GA Global Investments Ltd | 11,707,200 | 7.35% | 11,707,200 | 7.35% |

2.4 The reconciliation of the number of shares outstanding is set out below:

| Particulars | As at 31st March, 2012 | | As at 31st March, 2011 | |
|---|---|---|---|---|
| | No | ₹ in million | No | ₹ in million |
| Numbers of shares at the beginning | 159,281,139 | 159.28 | 158,779,775 | 158.78 |
| Add: Shares issued pursuant to scheme of amalgamation & demerger | - | - | 501,364 | 0.50 |
| **Numbers of shares at the end** | **159,281,139** | **159.28** | **159,281,139** | **159.28** |

2.5. a) 114,835, equity shares of ₹ 1 each allotted on exercise of the vested stock options in accordance with the terms of exercise under the "Jubilant Employees Stock Option Plan"(Refer Note 43).

b) Under the Jubilant Employees Stock Option 2005 Plan , as at 31st March,2012- 164,562 options are outstanding convertible into 822,810 shares.

c) Under the Jubilant Employees Stock Option 2011 Plan , as at 31st March,2012- 860,580 options are outstanding convertible into 860,580 shares.

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

2.7 The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

**(₹ in million)**

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| **3. RESERVES AND SURPLUS** | | |
| **Capital Reserve** | | |
| As per last Balance Sheet | 80.10 | 22.82 |
| Add: Adjustments on account of scheme of amalgamation & demerger | - | 57.28 |
| | **80.10** | **80.10** |
| **Capital Redemption Reserve** | | |
| As per last Balance Sheet | **9.86** | **9.86** |
| | | |
| **Securities Premium Account** | | |
| As per last Balance Sheet | 6,170.33 | 7,324.50 |
| Less: Premium on redemption of FCCB's [(Net of Tax of ₹ 140.20 million - (PY ₹ 246.98 million)] | (291.92) | (492.47) |
| Less: Adjustments on account of scheme of amalgamation & demerger | - | (661.70) |
| | **5,878.41** | **6,170.33** |
| **Amalgamation Reserve** | | |
| As per last Balance Sheet | **13.21** | **13.21** |
| | | |
| **General Reserve** | | |
| As per last Balance Sheet | 5,745.31 | 5,380.79 |
| Add: Transferred from Surplus | - | 1,000.00 |
| Less: Adjustments on account of scheme of amalgamation & demerger | - | (635.48) |
| | **5,745.31** | **5,745.31** |
| **Hedging Reserve(Refer note 51(iv))** | | |
| Addition/(deduction) during the year | **148.93** | **-** |
| | **148.93** | **-** |
| **Surplus** | | |
| As per last Balance Sheet | 9,227.79 | 8,818.54 |
| Add: Net Profit/(Loss) after tax transferred from Statement of Profit and Loss | (809.15) | 2,796.26 |
| Less: Adjustments on account of scheme of amalgamation & demerger | - | (1,016.77) |
| Amount available for appropriation | **8,418.64** | **10,598.03** |
| Less Appropriation: | | |
| Proposed dividend on equity shares | 477.84 | 318.56 |
| Distribution tax on proposed equity dividend | 77.52 | 51.68 |
| Amount transferred to general reserve | - | 1,000.00 |
| | **7,863.28** | **9,227.79** |
| | **19,739.10** | **21,246.60** |

For the year ended 31st March,2012, dividend of 300 %(Previous year 200 %) i.e. ₹ 3 (Previous year ₹ 2) per fully paid up equity share has been recognised as distributions to equity shareholders.

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| **4. LONG TERM BORROWINGS** | | |
| **Term loans** | | |
| **From Banks** | | |
| - Indian rupee loan (secured) | 13,400.00 | 10,900.00 |
| - Indian rupee loan (unsecured) | - | 4,000.00 |
| - Foreign currency loan (secured) | 3,417.10 | 1,013.30 |
| **From other parties** | | |
| - Foreign currency loan (secured) | 7,376.88 | 6,466.28 |
| **Long-term maturities of finance lease obligation** | | |
| - Finance lease obligations (secured) | 28.14 | 11.05 |
| | **24,222.12** | **22,390.63** |
| **The above amount includes** | | |
| Secured borrowings | 24,222.12 | 18,390.63 |
| Unsecured borrowings | - | 4,000.00 |
| | **24,222.12** | **22,390.63** |

**4. Nature of security of long term borrowings and other terms of repayment:**

4.1 Rupee term loans amounting to ₹ 13,400.00 million from Corporation Bank, Allahabad Bank, Axis Bank Limited, Central Bank of India and Indian Bank and External Commercial Borrowings amounting to ₹ 3,699.74 million from Citibank N.A., London and DBS Bank Limited, Singapore and other term loan in foreign currency amounting to ₹ 2,543.75 million from Export Import Bank of India are secured by a first pari-passu charge amongst the lenders by way of: -

a) Mortgage of the immovable fixed assets both present and future situate at Bhartiagram, district Jyotiba Phoolay Nagar, Uttar Pradesh and immovable fixed assets situate at village Samlaya, taluka Savli, district Vadodara, Gujarat, and

b) Hypothecation on the entire movable fixed assets, both present and future of the Company.

4.2 Rupee term loans amounting to ₹ 2,700.00 million and ₹ 1,000.00 million from Corporation Bank is repayable in two equal yearly installments commencing from February, 2015 and March, 2015 respectively.

4.3 Rupee term loans amounting to ₹ 2,700.00 million from Allahabad Bank is repayable in two equal yearly installments commencing from December, 2014.

4.4 Rupee term loan amounting to ₹ 3,000.00 million from Axis Bank Limited is repayable in four equal half yearly installments commencing from September, 2014.

4.5 Rupee term loan amounting to ₹ 2,400.00 million from Central Bank of India is repayable in three yearly installments commencing from March, 2014.

4.6 Rupee term loan amounting to ₹ 1,600.00 million from Indian Bank is repayable in four yearly installments commencing from March, 2014.

4.7 External commercial borrowing amounting to ₹ 1,155.99 million from Citibank N.A., London is repayable in eight half yearly installments from April, 2012.

4.8 External commercial borrowing amounting to ₹ 2,543.75 million from DBS Bank Limited, Singapore is repayable in four yearly installments commencing from December, 2014.

4.9 Other term loan in foreign currency amounting to ₹ 2,543.75 million from Export Import Bank of India is repayable in four yearly installments starting from May, 2013.

4.10 Other term loan in foreign currency amounting to ₹ 4,833.13 million from Housing Development Finance Corporation Limited is secured by first mortgage by way of deposit of original title deeds of specified land and buildings situated at Noida, Greater Noida, Nanjangud, Nira, Roorkee, Ambernath and also at Bharuch owned by one of the subsidiaries of the Company. Land mortgaged at Chittorgarh demerged into a group company consequent upon the scheme of demerger is under process of release. The loan is repayable in single installment in July, 2014.

4.11 Finance Lease obligations are secured by hypothecation of specific assets taken on such lease. The same are repayable as per the terms of agreement.

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| **5. DEFERRED TAX LIABILITIES (NET)** | | |
| **Deferred tax liabilities on account of:** | | |
| - Accelerated depreciation/amortisation | 2,359.99 | 1,968.39 |
| - Difference in value of CWIP | 512.38 | 457.62 |
| | **2,872.37** | **2,426.01** |
| **Deferred tax assets on account of:** | | |
| - Provision for leave encashment and gratuity | 136.54 | 116.72 |
| - Amount disallowed u/s 43B | 13.89 | 13.39 |
| - Accumulated losses as per tax laws | 585.64 | 379.92 |
| - Others | 22.17 | 16.96 |
| | **758.24** | **526.99** |
| **Deferred tax liabilities(Net)** | **2,114.13** | **1,899.02** |

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| **6. LONG TERM PROVISIONS** | | |
| Employee benefits | 370.43 | 308.76 |
| Mark-to market losses on derivative contracts (Refer Note 51(iii)) | 1,198.42 | - |
| | **1,568.85** | **308.76** |

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| **7. SHORT TERM BORROWINGS** | | |
| Loan repayable on demand | | |
| From Banks | | |
| - Cash credit/working capital demand loans (secured) | 1,109.43 | 1,075.19 |
| - Cash credit/working capital demand loans (unsecured) | 2,572.89 | - |
| Other working capital loans from banks (secured) | 500.00 | - |
| Loans from related parties (unsecured) - Refer Note No 54 | 65.00 | - |
| Zero coupon foreign currency convertible bonds - FCCB 2011(unsecured)(Refer Note 37) | - | 6,336.95 |
| Commercial Papers (unsecured) | 600.00 | - |
| | **4,847.32** | **7,412.14** |
| **The above amount includes** | | |
| Secured borrowings | 1,609.43 | 1,075.19 |
| Unsecured borrowings | 3,237.89 | 6,336.95 |
| | **4,847.32** | **7,412.14** |

**7.1 Nature of security of short term borrowings and other terms of repayment:**

Working capital facilities sanctioned by consortium of banks and notified financial institutions comprising of ICICI Bank Limited, Corporation Bank, Punjab National Bank, State Bank of India, The Hongkong and Shanghai Banking Corporation Limited, ING Vysya Bank Limited, Central Bank of India, Yes Bank Limited and Export Import Bank of India, are secured by a first charge by way of hypothecation, ranking pari passu inter-se banks, of the entire book debts and receivables and inventories both present and future, of the Company wherever the same may be or be held. The working capital sanctioned limits also include commercial paper programme of ₹ 3,000 million as sublimit carved out from the funded limits, against which the balance outstanding as at 31st March, 2012 ₹ 600.00 million. Maximum balance of commercial paper outstanding during the year at any time was ₹ 1,150 million.

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| **8. TRADE PAYABLES** | | |
| Trade payables - due to micro, small and medium enterprises under MSMED Act,2006 (Refer Note 36) | 15.79 | 29.49 |
| Trade payables - others | 3,096.21 | 1,992.02 |
| Acceptances | 3,955.00 | 2,137.34 |
| | **7,067.00** | **4,158.85** |

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| **9. OTHER CURRENT LIABILITIES** | | |
| Current maturities of long term debt | 282.64 | 101.58 |
| Current maturities of finance lease obligation | 10.90 | 2.17 |
| Trade deposits & advances | 22.49 | 28.42 |
| Interest accrued but not due on borrowings | 151.38 | 81.07 |
| Income received in advance/unearned revenue | 26.62 | 4.12 |
| Unpaid matured deposits and interest accrued thereon | 0.94 | 1.16 |
| Unpaid dividends | 14.43 | 12.27 |
| Creditors for capital supplies & services | 474.85 | 453.28 |
| Other payables | 883.61 | 748.18 |
| | **1,867.86** | **1,432.25** |

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| **10. SHORT-TERM PROVISIONS** | | |
| Employee benefits | 137.44 | 121.19 |
| Dividends on equity shares (Including dividend distribution tax) | 555.36 | 370.24 |
| Income tax & wealth tax | 1.00 | 645.56 |
| Mark-to market losses on derivative contracts | - | 36.77 |
| Premium on redemption of FCCB's | - | 2,605.06 |
| Provision for Excise Duty (Refer Note 49) | 100.13 | 33.49 |
| Other provisions (Refer Note 49) | 89.61 | 31.02 |
| | **883.54** | **3,843.33** |

## 11. TANGIBLE ASSETS

(₹ in million)

| | GROSS BLOCK - COST / BOOK VALUE | | | | | | DEPRECIATION / AMORTISATION / IMPAIRMENT | | | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Description | Total as at 31st March 2011 | Additions/ adjustments on account of merger | Deduction/ adjustments on account of demerger | Additions/ adjustments during the year | Deductions/ adjustments during the year | Total as at 31st March 2012 | Total as at 31st March 2011 | Additions/ adjustments on account of merger | Deduction/ adjustments on account of demerger | Provided during the year | Deductions/ adjustments during the year | Total as at 31st March 2012 | As at 31st March 2012 | As at 31st March 2011 |
| **Tangible assets:** | | | | | | | | | | | | | | |
| Land | | | | | | | | | | | | | | |
| (a) Freehold | 340.62 | - | - | 0.36 | - | 340.98 | - | - | - | - | - | - | 340.98 | 340.62 |
| (b) Leasehold | 520.96 | - | - | - | - | 520.96 | - | - | - | 75.24 | - | 75.24 **(5)** | 445.72 | 520.96 |
| Buildings | | | | | | | | | | | | | | |
| (a) Factory | 1,145.13 | - | - | 432.02 | - | 1,577.15 | 168.90 | - | - | 44.59 | - | 213.49 | 1,363.66 | 976.23 |
| (b) Others (1) | 896.48 | - | - | 8.48 | - | 904.96 | 130.67 | - | - | 14.19 | - | 144.86 | 760.10 | 765.81 |
| Plant & equipment | 17,479.85 | - | - | 3,388.16 | 10.30 | 20,857.71 | 5,666.15 | - | - | 989.59 | 4.70 | 6,651.04 | 14,206.67 | 11,813.70 |
| Furniture & fixtures | 318.69 | - | - | 17.84 | 4.57 | 331.96 | 105.94 | - | - | 24.33 | 2.66 | 127.61 | 204.35 | 212.75 |
| Vehicles | 58.77 | - | - | 11.26 | - | 70.03 | 44.21 | - | - | 8.51 | - | 52.72 | 17.31 | 14.56 |
| Vehicles-leased | 13.22 | - | - | 33.46 | 0.34 | 46.34 | 0.12 | - | - | 9.72 | 0.09 | 9.75 | 36.59 | 13.10 |
| Office equipments | 258.88 | - | - | 71.81 | 7.72 | 322.97 | 144.54 | - | - | 33.27 | 6.10 | 171.71 | 151.26 | 114.34 |
| Railway sidings | 159.38 | - | - | - | - | 159.38 | 14.45 | - | - | 8.47 | - | 22.92 | 136.46 | 144.93 |
| **TOTAL** | **21,191.98** | **-** | **-** | **3,963.39 (2)** | **22.93** | **25,132.44** | **6,274.98** | **-** | **-** | **1,207.91** | **13.55** | **7,469.34** | **17,663.10** | **14,917.00** |
| Previous Year | 20,149.13 | 534.35 | 1,455.99 | 2,010.53 | 46.04 | 21,191.98 | 5,806.69 | 39.36 | 495.78 | 947.56 | 22.85 | 6,274.98 | | |
| Capital Work in Progress(CWIP) | | | | | | | | | | | | | 2,520.78 | 2,694.95 |
| | | | | | | | | | | | | | **20,183.88** | **17,611.95** |

**Notes :**

(1) Building includes ₹ 500 being cost of share in Co-operative Housing Society.

(2) Includes ₹ 75.67 million in respect of R&D Assets.

(3) Title Deeds pertaining to land at Gajraula purchased during the year 2007-08, measuring 2.80 acres are yet to be registered in the name of Company.

(4) Capital Research and Development Expenditure aggregating to ₹ 130.12 million incurred during the year included in additions to fixed assets/capital work in progress.

(5) Refer Note 41 for amortisation of leasehold land.

## 12. INTANGIBLE ASSETS

(₹ in million)

| Description | GROSS BLOCK - COST / BOOK VALUE | | | | DEPRECIATION / AMORTISATION / IMPAIRMENT | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total as at 31st March 2011 | Additions/ adjustments during the year | Deductions/ adjustments during the year | Total as at 31st March 2012 | Total as at 31st March 2011 | Provided during the year | Deductions/ adjustments during the year | Total as at 31st March 2012 | As at 31st March 2012 | As at 31st March 2011 |
| **Intangible assets:** | | | | | | | | | | |
| Intangibles | | | | | | | | | | |
| a) Internally generated | | | | | | | | | | |
| - Product registration/ market authorisation | 382.66 | 315.85 | - | 698.51 | 55.26 | 72.96 | - | 128.22 | 570.29 | 327.40 |
| b) Others | | | | | | | | | | |
| - Rights | 46.76 | 34.90 | - | 81.66 | 44.42 | 1.74 | - | 46.16 | 35.50 | 2.34 |
| - Software | 189.68 | 30.82 | - | 220.50 | 51.29 | 37.42 | - | 88.71 | 131.79 | 138.39 |
| **TOTAL** | **619.10** | **381.57 (1)** | | **1,000.67** | **150.97** | **112.12** | **-** | **263.09** | **737.58** | **468.13** |
| Previous Year | 356.85 | 276.99 | 14.74 | 619.10 | 106.77 | 51.51 | 7.31 | 150.97 | | |
| Intangible assets under development (including R&D expenditure in the nature of intangibles) [CWIP] | | | | | | | | | 1,668.80 | 1,475.18 |
| | | | | | | | | | **2,406.38** | **1,943.31** |

**Notes :**

(1) Includes ₹ 315.85 million in respect of R&D Assets.

(2) Capital Research and Development Expenditure aggregating to ₹ 695.86 million incurred during the year included in additions to fixed assets/Intangible assets under development.

(₹ in million)

| As at 31st March, | | | 2012 | 2011 |
|---|---|---|---|---|
| **13. NON-CURRENT INVESTMENTS (At Cost)** | | | | |
| **Number** | **Face value per unit** | **All unquoted unless otherwise specified** | | |
| | | **Trade Investments (Long Term)** | | |
| | | **Investment in equity instruments (fully paid up equity shares)** | | |
| | | **Investment in Subsidiary Companies** | | |
| 375 (375) | No Par Value | - Jubilant Life Sciences (USA) Inc. | 17.11 | 17.11 |
| 13,900,000 (13,900,000) | EURO 1 | - Jubilant Pharma NV (Belgium) | 743.79 | 743.79 |
| 316,908,994 (312,408,994) | USD 1 | - Jubilant Pharma Pte. Ltd. (Singapore) | 14,659.95 | 14,454.36 |
| 200 (200) | No Par Value | - Jubilant Life Sciences Holdings Inc. (USA) | 1,660.44 | 1,660.44 |
| 34,484,000 (33,494,000) | ₹ 10 | - Jubilant Infrastructure Ltd. | 1,297.40 | 802.40 |
| 14,963,171 (8,963,169) | ₹ 10 | - Jubilant First Trust Healthcare Ltd. | 690.55 | 416.45 |
| 100,000 (-) | ₹ 10 | - First Trust Medicare Pvt. Ltd. | 30.00 | - |
| | | **Investment in Preference shares** | | |
| | | **Investment in Subsidiary Companies** | | |
| | | - Jubilant Chemsys Ltd. | | |
| - (18,600,000) | ₹ 10 | 8% optionally convertible non-cumulative redeemable preference shares fully paid. | - | 186.00 |
| | | - Jubilant Clinsys Ltd. | | |
| 17,350,000 (13,500,000) | ₹ 10 | 6% optionally convertible non-cumulative redeemable preference shares fully paid. | 173.50 | 135.00 |
| 6,200,000 (6,200,000) | ₹ 10 | 8% optionally convertible non-cumulative redeemable preference shares fully paid. | 62.00 | 62.00 |
| | | **Non Trade Investments** | | |
| | | **Investment in equity instruments (fully paid up equity shares)** | | |
| 4,550,000 (4,550,000) | ₹ 10 | Forum I Aviation Ltd. | 45.50 | 45.50 |
| | | **Total non-current investments** | **19,380.24** | **18,523.05** |
| | | **Aggregate amount of unquoted investments** | **19,380.24** | **18,523.05** |

**Notes:**

1) Figure in () are in represent of previous year

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| **14. LONG TERM LOANS AND ADVANCES** | | |
| Capital advances (unsecured, considered good) | 53.93 | 83.82 |
| Security deposits (unsecured, considered good) | 63.82 | 68.27 |
| Loans to related parties (unsecured, considered good) [Refer Note 34 & 54] | 1,513.80 | 1,483.80 |
| Advance recoverable in cash & kind (unsecured, considered good) | | |
| - From related parties (Refer Note 54) | 25.00 | 25.00 |
| - Others | 436.00 | 303.73 |
| MAT credit entitlement | 2,085.80 | 2,087.63 |
| | **4,178.35** | **4,052.25** |

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| **15. OTHER NON-CURRENT ASSETS** | | |
| Foreign currency monetary item translation difference account | 720.11 | - |
| (Refer Note 50) | **720.11** | - |

(₹ in million)

| As at 31st March, | | | 2012 | 2011 |
|---|---|---|---|---|
| **16. CURRENT INVESTMENTS (At Cost)** | | | | |
| **Number** | **Face value per unit** | **All unquoted unless otherwise specified** | | |
| | | **Current portion of non-current investments** | | |
| | | **Trade Investments** | | |
| | | **Investment in Preference shares** | | |
| | | **Investment in Subsidiary Companies** | | |
| | | - Jubilant Chemsys Ltd. | | |
| - (4,400,000) | ₹ 10 | 6% optionally convertible non-cumulative redeemable preference shares fully paid. | - | 44.00 |
| 18,200,000 (-) | ₹ 10 | 8% optionally convertible non-cumulative redeemable preference shares fully paid. | 182.00 | - |
| | | - Jubilant Clinsys Ltd. | | |
| 3,500,000 (7,350,000) | ₹ 10 | 6% optionally convertible non-cumulative redeemable preference shares fully paid. | 35.00 | 73.50 |
| | | **Total current investments** | **217.00** | **117.50** |
| | | **Aggregate amount of unquoted investments** | **217.00** | **117.50** |

**Notes:**

(1) Figures in ( ) are in respect of previous year.

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| **17. INVENTORIES** | | |
| Raw materials | 2,972.10 | 2,056.40 |
| (includes in transit ₹ 160.56 million (PY ₹ 182.61 million)) | | |
| Work-in-progress | 843.11 | 564.80 |
| Finished goods | 1,466.38 | 819.35 |
| Traded goods | 23.02 | 15.75 |
| Stores and spares | 211.98 | 195.68 |
| Others- process chemicals, fuels & packing material etc. | 416.67 | 395.02 |
| | **5,933.26** | **4,047.00** |

(Refer Note 1 (E) on valuation of inventory )

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| **18. TRADE RECEIVABLES** | | |
| **Outstanding for period exceeding six months from the date they are due for payment** | | |
| Unsecured,considered good | 51.49 | 63.53 |
| Doubtful | 1.38 | 0.66 |
| | 52.87 | 64.19 |
| Provision for doubtful receivables | 1.38 | 0.66 |
| **(A)** | 51.49 | 63.53 |
| **Other receivables** | | |
| Unsecured,considered good | 3,986.76 | 3,281.64 |
| **(B)** | 3,986.76 | 3,281.64 |
| **Total (A+B) (1)** | **4,038.25** | **3,345.17** |

(1) - Net [Refer Note 33 (C) (ii)]

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| **19. CASH AND BANK BALANCES** | | |
| **Cash and cash equivalents** | | |
| **Balances with banks:** | | |
| - On current accounts | 204.98 | 3,747.51 |
| - On dividend account | 14.43 | 12.27 |
| - Deposits with original maturity upto three months | 1,768.63 [1] | 5,950.40 |
| **Cash on hand** | 1.50 | 1.12 |
| **Cheques/Drafts on hand** | 7.51 | 134.80 |
| **Others** | | |
| - Funds in transit | 25.88 | - |
| - Imprest & gift/meal vouchers | 0.45 | 0.89 |
| | **2,023.38** | **9,846.99** |
| **Other bank balances:** | | |
| - Deposits with original maturity of more than three months | 4.59 | 5.59 |
| - As margin money | 4.00 | 0.01 |
| | **2,031.97** | **9,852.59** |

(1) To be utilised for capital expenditure only.

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| **20. SHORT TERM LOANS AND ADVANCES** | | |
| Loans to related parties(unsecured,considered good) (Refer note 34 & 54) | 743.64 | 715.85 |
| Deposits(unsecured, considered good) | 18.65 | 4.07 |
| Deposits/Balances with excise / sales tax authorities | 957.08 | 967.59 |
| Advance payment of income tax/wealth tax (including TDS) | 255.62 | 624.50 |
| Advance recoverable in cash & kind(unsecured, considered good) | | |
| - From related parties(Refer Note 35 & 54 ) | 166.59 | 138.80 |
| - Others-claims recoverable etc. | 1,061.80 | 865.22 |
| | **3,203.38** | **3,316.03** |

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| **21. OTHER CURRENT ASSETS** | | |
| Foreign currency monetary item translation difference account | 7.31 | - |
| Other current assets | 169.09 | 42.03 |
| | **176.40** | **42.03** |

(₹ in million)

| For the year ended 31st March, | 2012 | 2011 |
|---|---|---|
| **22. REVENUE FROM OPERATIONS** | | |
| Sales of products | 27,088.87 | 22,629.49 |
| Sales of services | 8.55 | 42.49 |
| Other operating revenue | 234.28 | 180.87 |
| **Revenue from operations(gross)** | 27,331.70 | 22,852.85 |
| Less: excise duty | (921.03) | (768.08) |
| **Revenue from operations(net)** | **26,410.67** | **22,084.77** |
| (Refer Note 39) | | |
| | | |
| **22.1 PARTICULARS OF SALES OF PRODUCTS** | | |
| Organic chemicals including specialty chemicals and its intermediates | 20,583.91 | 18,383.86 |
| Active pharma ingredients(API) | 4,410.98 | 3,283.26 |
| Tablets & capsules | 1,141.00 | 67.94 |
| Dry & aqueous choline chloride | 524.14 | 526.57 |
| Feed premixes | 348.77 | 291.58 |
| Power & steam | 80.07 | 76.28 |
| | **27,088.87** | **22,629.49** |
| **22.2 PARTICULARS OF SALES OF SERVICES** | | |
| Tolling services | - | 37.98 |
| Income from utility services rendered | 8.55 | 4.51 |
| | **8.55** | **42.49** |

(₹ in million)

| For the year ended 31st March, | 2012 | 2011 |
|---|---|---|
| **23. OTHER INCOME** | | |
| Income from current investments (Non-Trade) - Dividend | 13.29 | 2.70 |
| Other non-operating income | 76.12 | 48.75 |
| | **89.41** | **51.45** |

(₹ in million)

| For the year ended 31st March, | 2012 | 2011 |
|---|---|---|
| **24. COST OF MATERIALS CONSUMED** | | |
| Raw & Process Materials Consumed | 12,399.52 | 9,014.25 |
| | **12,399.52** | **9,014.25** |
| **24.1 PARTICULARS OF MATERIALS CONSUMED** | | |
| Molasses | 1,086.62 | 351.13 |
| Alcohol | 2,348.49 | 2,687.28 |
| Process chemicals | 5,802.53 | 4,150.46 |
| Chemicals for API/Dosage/Feed Additives | 2,992.55 | 1,704.06 |
| Others | 169.33 | 121.32 |
| | **12,399.52** | **9,014.25** |

| | % | ₹ in million | % | ₹ in million |
|---|---|---|---|---|
| **24.2 PARTICULARS OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED** | | | | |
| Imported | 40.54 | 5,026.98 | 36.79 | 3,315.97 |
| Indigenous | 59.46 | 7,372.54 | 63.21 | 5,698.28 |
| | **100.00** | **12,399.52** | **100.00** | **9,014.25** |

(₹ in million)

| For the year ended 31st March, | 2012 | 2011 |
|---|---|---|
| **25. PURCHASE OF TRADED GOODS** | | |
| Purchase of traded goods | 2,436.79 | 2,248.19 |
| | **2,436.79** | **2,248.19** |
| **25.1 PARTICULARS OF PURCHASE OF TRADED GOODS** | | |
| Organic chemicals including specialty chemicals and its intermediates | 2,120.85 | 1,841.11 |
| Feed premixes | 246.27 | 120.21 |
| Active pharma ingredients(API) | 69.67 | 286.87 |
| | **2,436.79** | **2,248.19** |

(₹ in million)

| For the year ended 31st March, | 2012 | 2011 |
|---|---|---|
| **26. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS** | | |
| Stock at close -Work-in progress | 843.11 | 564.80 |
| Stock at close -Finished goods | 1,466.38 | 819.35 |
| Stock at close -Traded goods | 23.02 | 15.75 |
| | 2,332.51 | 1,399.90 |
| | | |
| Stock at commencement -Work-in progress | 564.80 | 550.89 |
| Stock at commencement -Finished goods | 819.35 | 1,128.04 |
| Stock at commencement -Traded goods | 15.75 | 23.12 |
| | 1,399.90 | 1,702.05 |
| Increase / (Decrease) in Stocks | 932.61 | (302.15) |
| Less: Adjustment on account of scheme of amalgamation & demerger | - | 615.22 |
| | **932.61** | **313.07** |
| **26.1 PARTICULARS OF INVENTORIES** | | |
| **Details of Work-in-progress** | | |
| Organic chemicals including specialty chemicals and its intermediates | 551.71 | 420.83 |
| Dry & aqueous choline chloride | 10.17 | 3.14 |
| Active pharma ingredients(API) | 262.81 | 132.16 |
| Tablets & capsules | 18.42 | 8.67 |
| | **843.11** | **564.80** |
| **Details of Finished goods** | | |
| Organic chemicals including specialty chemicals and its intermediates | 1,116.40 | 631.90 |
| Feed premixes | 23.57 | 12.82 |
| Dry & aqueous choline chloride | 20.33 | 4.87 |
| Active pharma ingredients(API) | 296.16 | 169.44 |
| Tablets & capsules | 9.92 | 0.32 |
| | **1,466.38** | **819.35** |
| **Details of Traded goods** | | |
| Organic chemicals including specialty chemicals and its intermediates | 4.28 | - |
| Feed premixes | 13.08 | 4.49 |
| Active pharma ingredients(API) | 5.66 | 11.26 |
| | **23.02** | **15.75** |

(₹ in million)

| For the year ended 31st March, | 2012 | 2011 |
|---|---|---|
| **27. OTHER MANUFACTURING EXPENSES** | | |
| Power and fuel | 2,697.58 | 2,066.54 |
| Stores, spares, chemicals & packing materials consumed | 1,147.48 | 942.39 |
| Processing charges | 196.30 | 167.73 |
| Repairs to plant & machinery | 465.54 | 289.27 |
| Repairs to building | 37.70 | 35.58 |
| Excise duty | 73.52 | (3.09) |
| (Refer Note 40 ) | **4,618.12** | **3,498.42** |

| | % | ₹ in million | % | ₹ in million |
|---|---|---|---|---|
| **27.1 PARTICULARS OF IMPORTED AND INDIGENOUS STORES, SPARES, CHEMICALS CONSUMED** | | | | |
| Imported | 8.35 | 95.77 | 12.29 | 115.83 |
| Indigenous | 91.65 | 1,051.71 | 87.71 | 826.56 |
| | **100.00** | **1,147.48** | **100.00** | **942.39** |

(₹ in million)

| For the year ended 31st March, | 2012 | 2011 |
|---|---|---|
| **28. EMPLOYEE BENEFITS EXPENSES** | | |
| Salaries, wages, bonus, gratuity & allowances | 1,825.47 | 1,511.89 |
| Contribution to provident & superannuation fund | 122.21 | 110.98 |
| Staff welfare expenses | 124.64 | 105.24 |
| | **2,072.32** | **1,728.11** |

(₹ in million)

| For the year ended 31st March, | 2012 | 2011 |
|---|---|---|
| **29. FINANCE COSTS** | | |
| Interest expense | 1,813.96 | 620.67 |
| Other borrowings cost | 34.27 | 36.14 |
| | 1,848.23 | 656.81 |
| Less: Interest Income | (304.02) | (190.29) |
| | **1,544.21** | **466.52** |

(Refer Note 45)

(₹ in million)

| For the year ended 31st March, | 2012 | 2011 |
|---|---|---|
| **30. OTHER EXPENSES** | | |
| Rent | 112.56 | 73.25 |
| Rates & taxes | 33.15 | 19.58 |
| Insurance | 57.38 | 42.21 |
| Advertisement, publicity & sales promotion | 35.42 | 64.68 |
| Traveling & other incidental expenses | 197.79 | 196.89 |
| Repairs & Maintenance-Others | 136.14 | 101.28 |
| Vehicle running & maintenance | 23.33 | 19.39 |
| Printing & stationery | 24.73 | 22.15 |
| Communication expenses | 44.34 | 38.77 |
| Staff recruitment & training | 39.72 | 58.33 |
| Donation (Refer Note 42(a)) | 37.29 | 28.00 |
| Auditors Remuneration - As Auditors | 2.02 | 1.84 |
| - For taxation matters | 1.26 | 0.40 |
| - For other services | 4.25 | 0.98 |
| - Out of pocket expenses | 0.37 | 0.35 |
| Legal, professional & consultancy charges | 142.86 | 127.42 |
| Freight & forwarding (including ocean freight) | 408.25 | 307.10 |
| Directors' sitting fees | 0.46 | 0.71 |
| Directors' commission | 2.50 | 38.81 |
| Miscellaneous expenses | 42.85 | 35.95 |
| Bank Charges | 82.97 | 49.52 |
| Foreign exchange fluctuation loss/(gain)-(Net) | 104.85 | 76.96 |
| Discounts & claims to customers and other selling expenses | 80.53 | 125.19 |
| Commission on sales | 70.76 | 45.43 |
| Loss/(Gain) on sale/disposal of fixed assets/intangibles | 5.75 | - |
| Loss/(Gain) on sale of raw materials | 0.41 | (3.80) |
| Bad Debts / Irrecoverable advances written off(Net) | 8.38 | (21.67) |
| | **1,700.32** | **1,449.72** |

(₹ in million)

| For the year ended 31st March, | 2012 | 2011 |
|---|---|---|
| **Research & Development Expenses comprises as mentioned hereunder:-** | | |
| Material Consumption | 128.11 | 123.59 |
| Employee Cost | 339.09 | 287.75 |
| Utilities- Power | 23.21 | 24.81 |
| Others | 461.12 | 328.71 |
| | **951.53** | **764.86** |
| Less: Transferred to Intangibles/assets under development | (605.84) | (471.64) |
| Balance, charged to Revenue | **345.69** | **293.22** |

(₹ in million)

| For the year ended 31st March, | 2012 | 2011 |
|---|---|---|
| **31. EXCEPTIONAL ITEMS** | | |
| Amortisation of foreign currency monetary item translation difference account (FCMITDA) | 405.05 | (102.68) |
| Mark to market in respect of currency & interest rate swap contracts and forward covers outstanding (Refer Note 51(iii)) | 1,198.42 | 36.77 |
| Write off intangibles (Refer Note 46) | 197.37 | 95.64 |
| Restructuring Expenses | - | 15.80 |
| | **1,800.84** | **45.53** |

## 32. Commitments

a) **Capital Commitments:**

Estimated amount of contracts remaining to be executed on capital account (Net of advances) ₹ 711.37 million (Previous year ₹ 1,021.43 million) [Advances ₹ 53.93 million (Previous year ₹ 83.82 million)].

b) **Other Commitment**

(i) Exports obligation undertaken by the Company under EPCG scheme to be completed over a period of five/eight years on account of import of capital goods at concessional import duty and remaining outstanding is ₹ 59.48 million (Previous year ₹ 434.05 million). Similarly export obligation under Advance License Scheme/ DFIA scheme on duty free import of specific raw materials, remaining outstanding is ₹ 3,539.28 million (Previous year ₹ 2,363.44 million).

ii For lease commitment refer Note 44.

## 33. Contingent liabilities to the extent not provided for:

**A. Claims against Company not acknowledged as debt:**

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| Central Excise | 320.33 | 50.85 |
| Customs | 12.59 | 14.14 |
| Sales Tax | 45.54 | 18.36 |
| Income Tax | 411.19 | 214.83 |
| Service Tax | 105.83 | 34.13 |
| Others | 41.83 | 57.62 |

Excluding demands in respect of business transferred in earlier year to Jubilant Industries Limited in terms of the scheme of demerger though the demands may be continuing in the name of the Company.

**B. Guarantees:**

i. The Company has given corporate guarantee on behalf of its subsidiaries, HSL Holdings Inc. & Jubilant HollisterStier Inc (formerly known as Draxis Pharma Inc) to ICICI Bank UK. PLC. & ICICI Bank, Canada for USD 50 million - effective guarantee as at 31st March, 2012 USD 6.25 million(Previous year USD 18.75 million) and USD 37.66 million (Previous year USD 50.21 million) respectively - total effective guarantee equivalent to ₹ 2,234.09 million(Previous year ₹ 3,075.31 million), to secure financial facilities granted by them.

ii. Outstanding guarantees furnished by banks on behalf of the Company/by the Company including in respect of letters of credits is ₹ 2,101.03 million (Previous year ₹ 2,197.90 million).

**C. Other contingent liabilities:**

i. The Company's writ petition against the levy of transport fee by the state of Maharashtra on consumption of rectified spirit and molasses within Nira factory has been allowed by the Hon'ble Bombay High Court with consequential refund. The Company has filed a refund claim for an amount of ₹ 2.51 million deposited during the period when the dispute was pending before the High Court. The total amount of disputed transport fee is ₹ 156.31 million. The State of Maharashtra has filed a special leave petition in the Supreme Court and has sought a stay on the operation of the High Court order.

ii. Liability in respect of bills discounted with banks is ₹ 500 million (Previous year ₹ 200 million).

iii. The Company has challenged before the Hon'ble Allahabad High Court, the increase in denaturing fee by the State of Uttar Pradesh w.e.f 1st April, 2004 on denaturing of rectified spirit in the Gajraula factory and the writ petition has been admitted by the court. The Company has deposited ₹ 21.02 million under protest which is shown as deposits.

iv. Zila Panchayat at J.P. Nagar (in respect of the Company's Gajraula plant) served a notice demanding a compensation of ₹ 277.40 million allegedly for, percolation of poisonous water stored in lagoons and flowing through the land of Zila Panchayat resulting in loss of crops and cattle of the farmers and for putting poisonous fly ash on national highway which caused loss to the health and damages to eyes and skin of people.

District Magistrate issued a recovery certificate along with 10% collection charges inflating the demand to ₹ 305.14 million. In the opinion of the Company, the Zila Panchayat has no jurisdiction in raising this demand. The demand was challenged in Hon'ble Allahabad High Court and the court stayed the demand till further orders.

v. The Company has challenged, before the Hon'ble Allahabad High Court, the levy of license fees of ₹ 2.87 million by State of Uttar Pradesh, for grant of PD-2 license for manufacture of ethyl alcohol for industrial use. The writ petition has been admitted and is being listed for final hearing. Though the amount has been deposited and shown as such, no provision against this has been made as the issue is covered by the earlier favorable judgment of the Hon'ble Supreme Court of India.

vi. The State of Uttar Pradesh (UP) has imposed levy on import of denatured spirit into the State of Uttar Pradesh (UP). The Company has imported denatured spirit into the State of Uttar Pradesh and has challenged levy amounting to ₹ 90 million before Hon'ble Allahabad High Court. The writ petition has been allowed by the High Court in favour of the Company. The State of Uttar Pradesh filed a special leave petition (SLP) with Hon'ble Supreme Court. The SLP has been admitted but the Hon'ble Supreme Court has declined the request of the State of Uttar Pradesh (UP) to stay the operation of High Court Order.

vii. The Hon'ble Supreme Court has quashed the levy of license fee by State of Uttar Pradesh on captive consumption of denatured spirit in the Gajraula factory, and has ordered the refund of the fee paid during the period of dispute subject to condition that the amount has not been collected from the Company's customers. Further the Court has directed the State to investigate whether the Company has collected the disputed fee from its customers to the extent bank guarantees were furnished.

The Company is entitled to a refund of ₹ 84.06 million as the amount paid during the period of dispute or secured by bank guarantees was not collected from its customers. Accordingly the Company has approached the State of Uttar Pradesh for the refund of the said amount. The amount paid has been shown as deposit.

34. Loans to Subsidiary Companies, including interest accrued thereon pursuant to information required to be disclosed under clause 32 of listing agreement:

(₹ in million)

| Particulars | Outstanding amount (including interest accrued thereon) as at 31st March, | |
|---|---|---|
| | 2012 | 2011 |
| Jubilant Biosys Ltd | 1,650.92 | 1,483.80 |
| Jubilant Pharma Pte. Ltd. Singapore(Interest free) | 152.63 | 445.95 |

The above companies have not invested in the securities of the company.

35. Balance outstanding recoverable from following Companies in which Directors are interested:

(₹ in million)

| Particulars | Outstanding amount as at 31st March, | |
|---|---|---|
| | 2012 | 2011 |
| B &M Hot Breads Pvt. Ltd | 0.04 | 0.03 |
| Jubilant Oil & Gas Pvt. Ltd | 0.18 | 2.79 |

The above amounts are included in the note number 20: Advances recoverable in cash or in kind.

## 36. Micro, Small and Medium Business Entities

There are no Micro, Small & Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2012. The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) has been determined to the extent such parties have been identified on the basis of information available with the Company.

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| Principal amount payable to suppliers at the year end | 15.79 | 29.49 |
| Interest due on the remaining unpaid amount to the suppliers as at the end of the year end | - | - |
| Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year | - | - |
| Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED. | - | - |
| Amount of interest accrued and remaining unpaid at the end of the accounting year | - | - |
| Amount of further interest due and payable in the succeeding year | - | - |

**37. Foreign Currency Convertible Bonds (FCCB)**

The Company issued zero coupon foreign currency convertible bonds due 2011 (FCCB 2011) for an aggregate value of USD 200 million, convertible at any time between 30th June, 2006 to 10th May, 2011 by holders into fully paid equity shares of ₹ 1 each of the Company or Global Depositary Shares (GDSs) each representing one equity share at an initial conversion price of ₹ 413.4498 per share with a fixed rate of exchange of ₹ 45.05 = USD 1. The conversion price was subject to adjustment in certain circumstances. The Bonds could also be redeemed, in whole but not in part, at the option of the Company at any time on or after 19th May, 2009, subject to satisfaction of certain conditions. Unless previously converted, redeemed or purchased and cancelled, the Bonds were to be redeemed on 20th May, 2011 at 142.429% of their principal amount. The FCCBs were listed on Singapore Stock Exchange. The GDSs arising out of conversion of FCCBs were to be listed on Luxembourg Stock Exchange. Out of these FCCB 2011, USD 57.90 million Bonds were bought back at a discount and were cancelled. The balance bonds of USD 142.10 million outstanding were redeemed during the year.

The FCCB balance and provision for premium on redemption outstanding as at 31st March 2011, under corresponding previous year figures has been classified under current liability as the same has been redeemed during the financial year even though option of conversion or redemption, both were available to the bondholders as at 31st March 2011.

**38.** As per share purchase agreement with Jubilant Cadista Pharmaceuticals Inc, a step down subsidiary, the company has delivered 10 Pre-Abbreviated New Drug Application (ANDA). Pending receipt of approval from FDA, company is yet to recognise revenue for 5 ANDAs.

**39.** Other operating income is in the nature of scrap sales, and licensing income etc.

**40.** Excise Duty under manufacturing expenses denotes provision on stock differential and other claims/payments.

**41.** During the year, the company has changed accounting policy in respect of premium on lease hold land. Accordingly the premium has been amortised over the life of the lease with retrospective effect. The depreciation and amoritsation expenses for the year are higher by ₹ 75.24 million and the net loss is higher by the same amount.

**42.** a) Donation includes ₹ 15.02 million payments made to General Electoral Trust during the year.

b) Prior period items for the year ₹ 4.23 million.

**43. Employee Stock Option Scheme**

In terms of approval of shareholders accorded at the AGM held on August 29, 2005 and in accordance with SEBI (ESOP & ESPS) Guidelines, 1999, the Company instituted Jubilant Employees Stock Option Plan, 2005 ("Plan 2005") for specified categories of employees and Directors of the Company and its Subsidiaries.

During the year, the Company also instituted JLL Employees Stock Option Plan, 2011 ("Plan 2011") , in terms of approval of shareholders accorded at the AGM held on August 23, 2011 and in accordance with SEBI (ESOP & ESPS) Guidelines 1999.

Under Plan 2005 as amended, and under Plan 2011, upto 1,100,000 stock options and upto 53,52,000 stock options, respectively, can be issued to eligible Directors (other than Promoter Directors) and other specified categories of employees of the Company/ Subsidiaries. Options are to be granted at market price. As per SEBI Guidelines, the market price is taken as the closing price on the day preceding the date of grant of options, on the stock exchange where the trading volume is the highest. Under Plan 2005, each option, upon vesting, shall entitle the holder to acquire five equity shares of ₹ 1 each options granted upto 28th August 2009 will vest entirely within two years from the grant date, with certain lock-in provisions. Options granted after 28th August 2009 will vest gradually over a period of 5 years from the grant date, without any lock-in provisions.

Under Plan 2011, each option, upon vesting, shall entitle the holder to acquire one equity share of ₹ 1 each. Options granted will vest gradually over a period of 3 years from the grant date.

Summary of vesting & lock in provisions is given below:

| | PLAN 2005 | | | | | | PLAN 2011 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Vesting Schedule (With lock in) Applicable for grants made Upto 28th August, 2009 | | | Vesting Schedule (Without lock in) Applicable for grants made after 28th August, 2009 | | | Vesting Schedule | | |
| S. No. | % of Options scheduled to vest | Vesting Date | Lock-in Period | % of Options scheduled to vest | Vesting Date | Lock-in Period | % of Options scheduled to vest | Vesting Date | Lock-in Period |
| 1. | 10 | 1 year from grant date | Nil | 10 | 1 year from grant date | Nil | 20 | 1 year from grant date | Nil |
| 2. | 15 | 2 years from grant date | Nil | 15 | 2 years from grant date | Nil | 30 | 2 years from grant date | Nil |
| 3. | 20 | 2 years from grant date | 1 year from vesting date | 20 | 3 years from grant date | Nil | 50 | 3 years from grant date | Nil |
| 4. | 25 | 2 years from grant date | 2 years from vesting date | 25 | 4 years from grant date | Nil | | | |
| 5. | 30 | 2 years from grant date | 3 years from vesting date | 30 | 5 years from grant date | Nil | | | |

The Company has constituted a compensation committee comprising of a majority of independent Directors. This Committee is empowered to administer - Plan 2005 & Plan 2011.

In 2008-09, Jubilant Employees Welfare Trust was constituted for the purpose of acquisition of equity shares of the Company from the secondary market or subscription of shares from the Company, to hold the shares and to allocate/transfer these shares to eligible employees of the Company from time to time on the terms and conditions specified under these Plans. The members authorised grant of loan(s) from time to time to the trust in one or more tranches, upto ₹ 1,000 million either free of interest or at interest agreed between the Board and the Trust. The outstanding loan to the Trust as at 31st March, 2012 is ₹ 453.89 million (Previous year ₹ 269.90 million).

Upto 31st March, 2012, the trust has purchased 6,363,506 equity shares of the Company from the open market, out of interest free loan provided by the Company, out of which 1,530,010 shares were transferred to the employees on exercise of Options. The Trust has also been issued 192,086 equity shares of Jubilant Industries Limited in accordance with the scheme of amalgamation & demerger amongst the Company, Jubilant Industries Limited & others.

The movement in the stock options under both the Plans, during the year, is set out below:

Under Plan 2005:

| Particulars | 2011-12 | | 2010-11 | |
|---|---|---|---|---|
| | Number of Options | Weighted Average Exercise Price (₹) | Number of Options | Weighted Average Exercise Price (₹) |
| Options outstanding at the beginning of the year | 182,013 | 228.95 | 365,331 | 219.07 |
| Granted during the year* | - | - | - | - |
| Expired during the year | - | - | - | - |
| Options forfeited during the year | (17,451) | 248.38 | (24,597) | 248.83 |
| Exercised during the year | - | - | (158,721) | 203.08 |
| Options outstanding at the end of the year | 164,562 | 226.89 | 182,013 | 228.95 |

*The Board has decided that no further grants will be made under Plan 2005.

Under Plan 2011:

| Particulars | 2011-12 | | 2010-11 | |
|---|---|---|---|---|
| | Number of Options | Weighted Average Exercise Price (₹) | Number of Options | Weighted Average Exercise Price (₹) |
| Options outstanding at the beginning of the year | - | - | - | - |
| Granted during the year | 891,383 | 199.23 | - | - |
| Expired during the year | - | - | - | - |
| Options forfeited during the year | (30,803) | 200.05 | - | - |
| Exercised during the year | - | - | - | - |
| Options outstanding at the end of the year | 860,580 | 199.20 | - | - |

Since Jubilant Employees Welfare Trust is holding sufficient number of equity shares of the Company, it is envisaged to transfer the shares from the trust to beneficiaries under Plan 2005 & Plan 2011 upon exercise. As such, there would be no fresh issue of shares by the Company and hence no dilution.

The Company has opted for intrinsic value method of accounting for Employee Stock Options. As market price of the options is equal to the exercise price on the date of grant, intrinsic value is ₹ Nil. Hence there is no cost charged to Statement of Profit and Loss on account of options granted to employees under the Employee Stock Option Plans of the company. Had the company opted for fair value accounting of Employee Stock options, Profit after tax for the financial year would have been lower by ₹ 12.78 million (Previous year ₹ 22.00 million).

## 44. Leases:

a) The Company's significant operating lease arrangements are in respect of premises (residential, offices, godown etc.). These leasing arrangements, which are cancelable, range between 11 months and 3 years generally and are usually renewable by mutual agreeable terms. The aggregate lease rentals payable are charged as expenses.

b) Also, the Company has significant operating lease arrangements which are non-cancellable for a fixed period of 25 years. The lease rental is subject to escalation whereby the Lessor is entitled to increase the lease rental by 10% of the average lease rental of preceding three years (blocked period).

The schedule of future minimum lease rental payments in respect of non-cancellable operating leases is set out below:

(₹ in million)

| As at 31st March, | Minimum Lease Payments | |
|---|---|---|
| | 2012 | 2011 |
| Not later than one year | 14.22 | 8.46 |
| Later than one year but not later than five years | 61.91 | 37.43 |
| Later than five years | 394.64 | 249.27 |

c) Assets acquired under finance lease:

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

(₹ in million)

| As at 31st March, | Minimum Lease Payments | | Present Value of Minimum Lease Payments | | Future Interest | |
|---|---|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Not later than one year | 15.21 | 3.73 | 10.90 | 2.17 | 4.31 | 1.56 |
| Later than one year but not later than five years | 33.41 | 14.01 | 28.14 | 11.05 | 5.27 | 2.96 |
| Later than five years | - | - | - | - | - | - |

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

**45.** In line with the applicable Accounting Standards, during the year, interest amounting to ₹ 253.51 million (Previous year ₹ 202.24 million) and expenditure incurred on start up and commissioning of the project and /or substantial expansion and development, including the expenditure incurred on trial runs (Net of trial run receipts, if any) up to the date of commencement of commercial production amounting to ₹ 286.55 million (Previous year ₹ 197.87 million) have been capitalised. The said expenditure (net of trial run receipts), so capitalised are accumulated as Capital work in progress to be allocated to fixed assets on commencement of commercial production.

**46.** The carrying value of internally generated intangible asset – product development and other intangibles including intangibles under progress is reviewed and based on technical assessment, carrying value of certain internally generated intangible assets/other intangibles under development ₹ 197.37 million (Previous year ₹ 91.61 million) have been charged to the Statement of Profit and Loss.

**47.** The deferred tax liability is net of amount recoverable of ₹ Nil (Previous year ₹ 15.50 million) from the Employee Welfare Trust towards the tax chargeable on the income of trust on which the tax is payable by the Company.

**48.** Current Tax includes ₹ (7.45) million (Previous year ₹ 32.70 million) related to previous year.

**49. Disclosure required by Accounting Standard 29 (AS-29) "Provisions, contingent liabilities and contingent assets".**

**Movement in provisions:**

(₹ in million)

| Sr. No. | Particulars of disclosure | Class of Provisions | | | | |
|---|---|---|---|---|---|---|
| | | Provision for Bad and Doubtful Debts | Excise Duty | Premium on redemption of FCCBs | Provision for MTM Losses | Other Provisions |
| 1 | Balance as at 1st April, 2011 | 0.66<br>(28.91) | 33.49<br>(60.96) | 2,605.06<br>(2,835.33) | 36.77<br>(63.36) | 31.02<br>(43.16) |
| 2 | Additional provision during 2011-12 | 1.38<br>(-) | 100.13<br>(33.49) | -<br>(597.03) | 1,198.42<br>(36.77) | 89.61<br>(31.02) |
| 3 | Provision used during 2011-12 | 0.66<br>(0.34) | 33.49<br>(41.38) | 2,605.06<br>(827.30) | 36.77<br>(63.36) | 31.02<br>(43.16) |
| 4 | Less: Adjustment on account of scheme of amalgamation & demerger | -<br>(27.91) | -<br>(19.58) | -<br>(-) | -<br>(-) | -<br>(-) |
| 5 | Balance as at 31st March, 2012 | 1.38<br>(0.66) | 100.13<br>(33.49) | -<br>(2,605.06) | 1,198.42<br>(36.77) | 89.61<br>(31.02) |

Provision for excise duty represents the excise duty on closing stock of finished goods.

**50.** The Company has opted for accounting the exchange difference arising on reporting of long term foreign currency monetary items in line with para 46A of Accounting Standard 11 (AS-11) – "The Effects of Changes in Foreign Exchange Rates" notified by the Ministry Of Corporate Affairs on 29th December 2011. Accordingly during 2011-12, the Company has capitalised exchange difference amounting to ₹ (-) 47.12 million to the cost of fixed assets and ₹ 1,132.47 million to foreign currency monetary item translation difference account (FCMITDA) . During the year, ₹ 405.05 million has been amortised to Statement of Profit and Loss in terms of the said notification and balance of ₹ 727.42 million is carried in Balance Sheet as on 31st March 2012.

**51. Hedging and Derivatives:**

**i)** The Company uses various derivative instruments such as foreign exchange forward contracts, interest rate swaps and currency swaps to selectively hedge its exposures to movement in foreign exchange rates and interest rates. These derivatives are not used for speculative or trading purposes.

Some of these derivatives are used as instrument to hedge foreign exchange fluctuation risk on highly probable forecast transactions upto the date of sale. These sale transactions are expected to occur between May 2012 and May 2013.

The following are the outstanding derivative contracts entered into by the group:

| Category | Currency | Cross Currency | Amount (in million) | Buy/Sell | Purpose |
|---|---|---|---|---|---|
| **As at 31st March 2012:** | | | | | |
| Forward Contracts | USD | INR | USD 281.00 | Sell | Hedging |
| Forward Contracts | USD | INR | USD 61.50 | Buy | Hedging |
| Currency Swap (Loan of JPY 2,306.31 million) | JPY | USD | USD 22.72 | | Hedging |
| Currency and Interest Swap | INR | USD | USD 201.90 | | Hedging |
| **As at 31st March 2011:** | | | | | |
| Forward Contracts | USD | INR | USD 10.00 | Sell | Hedging |
| Forward Contracts | USD | INR | USD 35.71 | Buy | Hedging |
| Forward Contracts | EURO | INR | Euro 1.69 | Sell | Hedging |
| Currency Swap (Loan of JPY 2,537.50 million) | JPY | USD | USD 25.00 | | Hedging |

ii) **Foreign currency exposure not hedged by derivative instrument:**

| As at 31st March, | Amount (foreign currency in millions) | | | |
|---|---|---|---|---|
| | 2012 | | 2011 | |
| Amount receivable on account of sale of goods & services and loans & advances. | USD | 53.90 | USD | 49.93 |
| | EURO | 9.35 | EURO | 2.07 |
| | GBP | 0.24 | GBP | 0.04 |
| | CAD | 1.49 | CAD | - |
| Amount payable on account of purchase of goods & services, loans & FCCBs etc. | USD | 286.13 | USD | 346.68 |
| | JPY | 2.43 | JPY | 9.36 |
| | EURO | 0.05 | EURO | 0.08 |
| | GBP | 0.05 | GBP | 0.10 |
| | CHF | 0.09 | CHF | - |
| Amount outstanding as deposits with banks | USD | 1.83 | USD | 2.68 |

iii) Mark to market losses in respect of currency and interest rate swaps contracts amounting to ₹ 1,198.42 million has been charged to the Statement of Profit and Loss.

iv) During the year the company has opted for hedge accounting in respect of certain transactions including forward contracts under Accounting Standard 30 issued by the Institute of Chartered Accountants of India. Accordingly the loss for the year is higher by ₹ 148.93 million andan equivalent amount has been credited to hedge reserve as at 31st March 2012.

## 52. Employee Benefits have been calculated as under:

### (A) Defined Contribution Plans

a. Provident fund*

b. Superannuation fund

**During the year the Company has contributed following amounts to:**

(₹ in million)

| For the year ended 31st March, | 2012 | 2011 |
|---|---|---|
| Employers contribution to provident fund | 5.61 | 6.36 |
| Employers contribution to employee's pension scheme 1995 | 20.64 | 20.27 |
| Employers contribution to superannuation fund | 14.88 | 16.26 |

*For certain employees where provident fund is deposited with Government authorities e.g. Regional Provident Fund Commissioner.

c. State plans

**During the year the Company has contributed following amounts to:**

(₹ in million)

| For the year ended 31st March, | 2012 | 2011 |
|---|---|---|
| Employers contribution to employee state insurance | 3.91 | 4.41 |

**(B) Defined benefit plans**

**i. Compensated absences and gratuity**

In accordance with Accounting Standard 15(AS 15)-“Employee Benefits (Revised 2005)”, an actuarial valuation has been carried out in respect of gratuity and compensated absences. The discount rate assumed is 8.57 % which is determined by reference to market yield at the Balance Sheet date on Government bonds. The retirement age has been considered at 58 years and mortality table is as per LIC (1994-96).

The estimates of future salary increases, considered in actuarial valuation, 10% for first year and 6% thereafter, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

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

(₹ in million)

| | Gratuity* | | Leave Encashment | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| Present value of obligation at the beginning of the year | 216.68 | 222.47 | 133.97 | 115.07 |
| Less: Adjustment on account of scheme of amalgamation & demerger(Net) | - | (39.98) | - | (13.38) |
| Current service cost | 26.06 | 23.33 | 30.85 | 28.07 |
| Interest cost | 18.57 | 18.58 | 11.48 | 9.61 |
| Actuarial (gain)/loss | 14.88 | 1.50 | 0.31 | 4.67 |
| Benefits paid | (28.84) | (9.22) | (20.81) | (10.07) |
| Present value of obligation at the end of the year | 247.35 | 216.68 | 155.80 | 133.97 |

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

(₹ in million)

| | Gratuity* | | Leave Encashment | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| Present value of obligation at the end of the year | 247.35 | 216.68 | 155.80 | 133.97 |
| Fair value of plan assets at period end | - | - | - | - |
| Assets/(Liabilities) recognised in the Balance Sheet | (247.35) | (216.68) | (155.80) | (133.97) |

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

(₹ in million)

| | Gratuity* | | Leave Encashment | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| Current service cost | 26.06 | 23.33 | 30.85 | 28.07 |
| Interest cost | 18.57 | 18.58 | 11.48 | 9.61 |
| Actuarial (gain)/loss | 14.88 | 1.50 | 0.31 | 4.67 |
| Net cost recognised during the year | 59.51 | 43.41 | 42.64 | 42.35 |

*Excluding for certain employees of Nanjangud & Ambernath Unit.

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

(₹ in million)

| | Gratuity | |
|---|---|---|
| | 2012 | 2011 |
| Present value of obligation at the beginning of the year | 22.44 | 19.42 |
| Current service cost | 4.72 | 3.89 |
| Interest cost | 1.92 | 1.62 |
| Actuarial (gain)/loss | 0.62 | 0.21 |
| Benefits paid | (2.12) | (2.70) |
| Present value of obligation at the end of the year | 27.58 | 22.44 |

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

(₹ in million)

| | Gratuity | |
|---|---|---|
| | 2012 | 2011 |
| Present value of obligation at the end of the year | 27.58 | 22.44 |
| Fair value of plan assets at period end | 10.49 | 8.66 |
| Funded status excess of actual over estimated | - | - |
| Assets/(Liabilities) recognised in the Balance Sheet | (17.09) | (13.78) |

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

(₹ in million)

| | Gratuity | |
|---|---|---|
| | 2012 | 2011 |
| Current service cost | 4.72 | 3.89 |
| Interest cost | 1.92 | 1.62 |
| Actuarial (gain)/loss | 1.39 | 0.21 |
| Expected return on plan asset | (0.77) | (0.73) |
| Net cost recognised during the year | 7.26 | 4.99 |

** In respect of certain employees of Nanjangud Unit.

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

(₹ in million)

| | Gratuity | |
|---|---|---|
| | 2012 | 2011 |
| Present value of obligation at the beginning of the year | 2.51 | - |
| Adjustment on account of scheme of amalgamation & demerger | - | 1.89 |
| Current service cost | 0.98 | 0.83 |
| Interest cost | 0.21 | 0.16 |
| Actuarial (gain)/loss | (0.52) | (0.23) |
| Benefits paid | (0.41) | (0.14) |
| Present value of obligation at the end of the year | 2.77 | 2.51 |

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

(₹ in million)

| | Gratuity | |
|---|---|---|
| | 2012 | 2011 |
| Present value of obligation at the end of the year | 2.77 | 2.51 |
| Fair value of plan assets at period end | 2.15 | 1.30 |
| Funded status excess of actual over estimated | - | - |
| Assets/(Liabilities) recognised in the Balance Sheet | (0.62) | (1.21) |

*** In respect of certain employees of Ambernath Unit.

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

(₹ in million)

| | Gratuity | |
|---|---|---|
| | 2012 | 2011 |
| Current service cost | 0.98 | 0.83 |
| Interest cost | 0.21 | 0.16 |
| Actuarial (gain)/loss | (0.40) | (0.23) |
| Expected return on plan asset | (0.12) | (0.12) |
| Net cost recognised during the year | 0.67 | 0.64 |

*** In respect of certain employees of Ambernath Unit.

**Experience Adjustment for the current and previous three periods:**

**a) Gratuity**

(₹ in million)

| | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|
| Defined benefit obligation | 277.70 | 241.63 | 241.89 | 235.39 |
| Plan assets | 12.64 | 9.96 | 8.15 | 5.32 |
| Surplus/(Deficit) | (265.06) | (231.67) | (233.74) | (230.07) |
| Experience adjustment of plan liabilities-(loss)/gain | (20.33) | 34.81 | (5.08) | (15.74) |
| Experience adjustment on plan assets-(loss)/gain | (0.90) | 0.17 | 0.24 | (0.39) |

**b) Leave Encashment**

(₹ in million)

| | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|
| Defined benefit obligation | 155.80 | 133.97 | 115.07 | 102.88 |
| Surplus/(Deficit) | (155.80) | (133.97) | (115.07) | (102.88) |
| Experience adjustment of plan liabilities-(loss)/gain | (3.24) | 7.08 | (3.67) | (12.66) |
| Experience adjustment on plan assets -(loss)/gain | - | - | - | - |

Experience adjustment information is available from financial year 2008-09 onwards only.

**ii. Provident Fund:**

The Guidance on implementation of AS 15, Employee Benefits (Revised 2005) issued by Accounting Standard Board (ASB) states that benefits involving provident funds, which require interest shortfall to be compensated, are to be considered as defined benefit plans. The actuary has worked out a liability of ₹ 8.04 million (Previous year ₹ 6.74 million) likely to arise towards interest guarantee. The trust is managing common corpus of some of the group companies. The total liability of ₹ 8.04 million (Previous year ₹ 6.74 Million) as worked out by the actuary has been allocated to each entity based on the corpus value of each entity as on 31$^{st}$ March, 2012. Accordingly, liability of ₹ 7.13 million (Previous year ₹ 5.81 million) has been allocated to Company and ₹ 1.33 million (Previous year ₹ 5.81 million) has been charged to Statement of Profit and Loss during the year. The Company has contributed ₹ 86.77 million to Provident Fund (Previous year ₹ 77.48 million) for the year.

**(C) Other long term benefits**

(₹ in million)

| | 2012 |
|---|---|
| Present value of obligation at the end of the year | 8.69 |

## 53. Segment Reporting :

**i) The Company operates under one reportable segment viz.Pharmaceuticals and Life Sciences Ingredients.**

**ii) In respect of Secondary Segment information, the Company has identified its Geographical segments as:**

(i) Within India

(ii) Outside India.

**iii) Secondary Segments (Geographical Segments):**

(₹ in million)

| Particulars | | 2012 | 2011 |
|---|---|---|---|
| **a)** | **Revenue from operations by geographic location of customers (Net of excise duty)** | | |
| | Within India | 12,429.15 | 10,527.98 |
| | Outside India | 13,981.52 | 11,556.79 |
| | **Total** | **26,410.67** | **22,084.77** |
| **b)** | **Carrying amount of segment assets** | | |
| | Within India | 41,893.51 | 42,826.14 |
| | Outside India | 20,575.71 | 20,024.74 |
| | **Total** | **62,469.22** | **62,850.88** |
| **c)** | **Capital Expenditure** | | |
| | Within India | 4,344.96 | 2,287.52 |
| | Outside India | - | - |
| | **Total** | **4,344.96** | **2,287.52** |
| **d)** | **Revenue from operation by geographic markets** | | |
| | India | 12,429.15 | 10,527.98 |
| | Americas & Europe | 8,470.54 | 6,761.30 |
| | China | 2,676.21 | 3,052.07 |
| | Asia & Others | 2,834.77 | 1,743.42 |
| | **Total** | **26,410.67** | **22,084.77** |

## 54. A. Related Party Disclosures

**1. Related parties where control exists:**

**a) Subsidiaries including Step-down subsidiaries:**

Jubilant Pharma Pte Ltd, Draximage Limited, Cyprus, Draximage Limited, Ireland , Draximage LLC, Jubilant DraxImage (USA) Inc., Deprenyl Inc., USA, Jubilant DraxImage Inc., 6963196 Canada Inc., 6981364 Canada Inc. DAHI Animal Health (UK) Limited, Draximage (UK) Limited, Jubilant Life Sciences Holdings Inc., Jubilant Clinsys Inc., Cadista Holdings Inc., Jubilant Cadista Pharmaceuticals Inc., Jubilant Life Sciences International Pte. Limited, HSL Holdings Inc., Jubilant HollisterStier LLC, Jubilant Life Sciences (Shanghai) Limited, Jubilant Pharma NV, Jubilant Pharmaceuticals NV, PSI Supply NV, Jubilant Life Sciences (USA) Inc., Jubilant Life Sciences (BVI) Limited, Jubilant Biosys (BVI) Limited, Jubilant Biosys (Singapore) Pte. Limited, Jubilant Biosys Limited, Jubilant Discovery Services, Inc., Jubilant Drug Development Pte. Limited, Jubilant Chemsys Limited, Jubilant Clinsys Limited, Jubilant Infrastructure Limited, Jubilant First Trust Healthcare Limited, Asia Healthcare Development Limited, Jubilant Innovation (BVI) Limited, Jubilant Innovation Pte. Limited, Jubilant DraxImage Limited India, Jubilant Innovation (India) Limited, Jubilant Innovation (USA) Inc, Jubilant HollisterStier Inc., (Formerly Draxis Pharma Inc.) Draxis Pharma LLC, Generic Pharmaceuticals Holdings, Inc., Jubilant Life Sciences (Switzerland) AG, First Trust Medicare Pvt. Ltd, Jubilant Drug Discovery & Development Services Inc., Vanthys Pharmaceutical Development Pvt. Limited.

**b) Other Entities:**

Jubilant HollisterStier General Partnership Canada(formerly Draxis Pharma General Partnership), Draximage General Partnership Canada(controlled through subsidiaries/step down subsidiaries).

**2. Other Related parties with whom transactions have taken place during the year.**

**a) Enterprise over which certain key management personnel have significant influence:**

Jubilant Enpro Pvt. Limited, Jubilant Oil & Gas Pvt. Limited, Jubilant Foodworks Limited, Tower Promoters Pvt. Limited, B &M Hot Breads Pvt. Ltd, Jubilant Industries Limited, Jubilant Agri and Consumer Products Limited.

**b) Key management personnel:**

Mr. Shyam S. Bhartia, Mr. Hari S. Bhartia , Mr. Shyamsundar Bang, (Late) Dr. J. M. Khanna**, Mr. R. Sankaraiah, Mr. Pramod Yadav, Mr. Rajesh Srivastava, Mr. Neeraj Agarwal, Mr. Chandan Singh.

**c) Relatives of key management personnel:**

Ms. Asha Khanna (wife of (Late) Dr. J. M. Khanna**), Ms. Shobha Bang (wife of Mr. Shyamsundar Bang).

**d) Others:**

Vam Employees Provident Fund Trust, Jubilant Employee Welfare Trust , Jubilant Bhartia Foundation, Vam Officers Superannuation Fund, Amarchand & Mangaldas & Suresh A. Shroff & Co.

**** for part of the year**

**3. Transactions with related parties during the year:**

(₹ in million)

| S. No. | Particulars | Subsidiaries | Enterprise over which certain key management personnel have significant influence | Key management personnel & relatives | Others |
|---|---|---|---|---|---|
| 1. | Sales of goods & services | 4,473.06<br>(3,418.36) | 394.95<br>(350.11) | | |
| 2. | Interest on loans granted | 152.35<br>(135.56) | | | |
| 3. | Purchase of goods & services | 662.37<br>(194.00) | 83.84<br>(32.48) | | |
| 4. | Recovery of expenses & utilities charges | 68.47<br>(56.31) | 87.73<br>(48.43) | | |
| 5. | Reimbursement of expenses | 118.90<br>(29.73) | 0.23<br>(1.32) | | |
| 6. | Remuneration and related expenses | | | 172.94<br>(196.19) | |
| 7. | Company's contribution to PF Trust. | | | | 86.77<br>(77.48) |
| 8. | Company's contribution to superannuation fund. | | | | 14.88<br>(16.26) |
| 9. | Rent expenses | | 45.48<br>(48.96) | 5.98<br>(7.45) | |
| 10. | Donation | | | | 19.80<br>(23.20) |
| 11. | Sharing of licensing fees | 90.78<br>(12.88) | | | |
| 12. | R&D services rendered | -<br>(5.59) | | | |
| 13. | Professional services-fees | | | | 2.14<br>(2.53) |
| 14. | Lease rental expenses | 16.38<br>(8.48) | | | |
| 15. | Development charges expenses | 141.79<br>(257.20) | | | |
| 16. | Investments in equity share capital | 974.70<br>(2,221.47) | | | |
| 17. | Interest paid on loans | 1.13<br>(1.77) | | | |
| 18. | Redemption of optionally convertible non-cumulative redeemable preference shares. | 48.00<br>(100.00) | | | |
| 19. | Loans given | 182.63<br>(567.95) | | | 183.99<br>(-) |
| 20. | Loans received back | 445.95<br>(-) | | | -<br>(153.31) |
| 21. | Loans taken | 120.00<br>(160.00) | | | |
| 22. | Loans repaid | 55.00<br>(160.00) | | | |

(₹ in million)

| S. No. | Particulars | Subsidiaries | Enterprise over which certain key management personnel have significant influence | Key management personnel & relatives | Others |
|---|---|---|---|---|---|
| **Balance as at 31st March , 2012** | | | | | |
| 23. | Loans payable | 65.00 (-) | | | |
| 24. | Interest payable on loan | 1.02 (-) | | | |
| 25. | Trade and other payables | 470.41 (106.53) | 15.31 (37.69) | | 0.19 (0.81) |
| 26. | Loans recoverable (including interest accrued thereon) | 1,803.55 (1,929.75) | | | 453.89 (269.90) |
| 27. | Trade Receivables | 1,690.24 (1,013.83) | 44.32 (-) | | |
| 28. | Deposits recoverable | | 21.00 (21.00) | | |
| 29. | Other recoverables | 129.92 (133.17) | 36.67 (5.63) | 25.00 (25.00) | |
| 30. | Financial guarantees on behalf of subsidiaries/ step down subsidiaries and outstanding at end of year. | 2,234.09 (3,075.31) | | | |

**Note:**

(1) Figures in ( ) indicates in respect of previous year.

(2) Related party relationship is as identified by the Company and relied upon by the Auditors.

(3) No amount has been written off/provided for in respect of dues from or to any related party.

(4) In addition to this, during FY 2011, Jubilant Employee Welfare Trust has transferred shares of the Company to Key Management Personnel on payment of exercise price to the Trust.

**Disclosure in respect of material related party transactions during the year:**

1. Sales of goods & services include to Jubilant Life Sciences (Shanghai) Limited ₹ 2,221.87 million (P.Y ₹ 2,085.97 million), Jubilant Life Sciences (USA) Inc. ₹ 1,284.04 million (P.Y ₹ 1,256.37 million), PSI Supply NV ₹ 92.35 million (P.Y. ₹ 76.02 million), Jubilant Cadista Pharmaceuticals Inc. ₹ 367.03 million (P.Y ₹ Nil), Jubilant Clinsys Inc ₹ 3.76 million (P.Y ₹ Nil), Jubilant Pharmaceuticals NV ₹ 497.92 million (P.Y ₹ Nil), Jubilant Chemsys Ltd ₹ 6.09 million (P.Y ₹ Nil), Jubilant Industries Ltd ₹ 380.26 million (P.Y ₹ 350.11 million) and Jubilant Agri and Consumer Products Ltd ₹ 14.69 million (P.Y ₹ Nil).

2. Interest on loan charged to Jubilant Biosys Limited ₹ 152.35 million (P.Y ₹ 135.56 million).

3. Purchases of goods & services include from Jubilant Clinsys Limited ₹ 207.03 million (P.Y ₹ 130.64 million), Jubilant Pharmaceuticals NV ₹ 85.73 million (P.Y ₹ 62.46 million), Jubilant Infrastructure Limited ₹ 350.82 million (P.Y ₹ Nil) Jubilant Chemsys Ltd ₹ 2.03 million (P.Y ₹ 0.17 million) Jubilant Cadista Pharmaceuticals Inc. ₹ Nil (P.Y ₹ 0.73 million), Jubilant Life Sciences (Switzerland) AG ₹ 16.76 million (P.Y ₹ Nil), Jubilant Industries Ltd ₹ 9.58 million (P.Y ₹ 32.48 million) and Jubilant Agri and Consumer Products Ltd ₹ 74.26 million (P.Y ₹ Nil).

4. Recovery of expenses & utilities charges includes from Jubilant Chemsys Limited ₹ 17.08 million (P.Y ₹ 15.87 million), PSI Supply NV ₹ 0.86 million (P.Y ₹ 0.85 million), Jubilant Cadista Pharmaceuticals Inc ₹ 5.20 million (P.Y ₹ 6.06 million), Jubilant HollisterStier LLC ₹ 25.77 million (P.Y ₹ 10.78 million), Jubilant Life Sciences USA Inc ₹ 4.15 million (P.Y ₹ Nil), Jubilant DraxImage Inc. ₹ 5.21 million (P.Y ₹ 13.82 million), Jubilant DraxImage Limited ₹ 0.19 million (P.Y ₹ 2.04 million), Jubilant HollisterStier General Partnership ₹ 5.37 million (P.Y ₹ 5.78 million), Jubilant Clinsys Inc ₹ 2.18 million (P.Y ₹ 0.82 million), Asia Healthcare Development Ltd ₹ 0.14 million (P.Y ₹ Nil), Jubilant Drug Discovery Services Inc ₹ 0.27 million (P.Y ₹ Nil), Jubilant Life Sciences (Switzerland) AG ₹ 0.75 million (P.Y ₹ Nil), Jubilant Innovation Inc ₹ 0.26 million (P.Y ₹ Nil), HSL Holdings Inc ₹ 0.26 million (P.Y ₹ Nil), Jubilant Life Sciences Holdings Inc. ₹ 0.26 million (P.Y ₹ Nil), Jubilant Infrastructure Limited ₹ 0.51 million(P.Y ₹ 0.29 million), Jubilant First Trust Healthcare Limited ₹ 0.01 million(P.Y ₹ Nil), Jubilant Enpro Pvt. Limited ₹ 7.87 million (P.Y ₹ 7.57 million), Jubilant Oil & Gas Pvt. Limited ₹ 2.39 million (P.Y ₹ 6.87 million), Jubilant Foodworks Limited ₹ 3.38 million (P.Y ₹ 3.09 million), Jubilant Industries Limited ₹ 66.50 million (P.Y ₹ 30.52 million), Jubilant Agri and Consumer Products Ltd ₹ 7.07 million (P.Y ₹ Nil), B&M Hot Breads Pvt Limited ₹ 0.52 million(P.Y ₹ 0.38 million).

5. Reimbursement of expenses to Jubilant Pharmaceuticals NV ₹ 39.86 million (P.Y ₹ 14.55 million), Jubilant Biosys Limited ₹ 1.35 million (P.Y ₹ 4.92 million), Jubilant Infrastructure Limited ₹ 72.47 million (P.Y ₹ 5.69 million), Jubilant Life Sciences (USA) Inc. ₹ Nil (P.Y ₹ 4.30 million), Jubilant DraxImage Inc ₹ 0.94 million (P.Y ₹ Nil), Jubilant HollisterStier LLC ₹ 3.45 million (P.Y ₹ 0.27 million), Jubilant Cadista Pharmaceuticals Inc ₹ 0.83 (P.Y ₹ Nil) and Jubilant Oil and Gas Pvt Ltd ₹ 0.23 million (P.Y ₹ 1.32 million).

6. Remuneration and related expenses to Mr. Shyam S Bhartia ₹ 23.80 million (P.Y ₹ 42.00 million), Mr. Hari S Bhartia ₹ 22.99 million (P.Y ₹ 41.22 million), Mr. Shyamsundar Bang ₹ 18.68 million(P.Y ₹ 17.64 million), (Late) Dr J M Khanna ₹ 19.51 million (P.Y ₹ 22.27 million), Mr. R Sankaraiah ₹ 28.06 million (P.Y ₹ 23.27 million), Mr Pramod Yadav ₹ 16.71 million (P.Y ₹ 15.06 million), Mr Rajesh Srivastava ₹ 16.56 million (P.Y ₹ 14.80 million), Mr. Chandan Singh ₹ 10.02 million (P.Y ₹ 8.36 million), Mr Neeraj Agarwal ₹ 16.61 million (P.Y ₹ 11.57 million).

7. Company's contribution to PF Trust to Vam Employees Provident Fund Trust ₹ 86.77 million (P.Y ₹ 77.48 million).

8. Company's contribution to Superannuation Fund to Vam Officers Superannuation Fund ₹ 14.88 million (P.Y ₹ 16.26 million).

9. Rent expenses paid to Jubilant Enpro Pvt. Limited ₹ 2.54 million (P.Y ₹ 1.39 million), Jubilant Oil & Gas Pvt. Limited ₹ 0.94 million (P.Y ₹ 5.57 million), Tower Promoters Pvt. Limited ₹ 42.00 million (P.Y ₹ 42.00 million), Ms Asha Khanna (wife of (late) Dr. J .M. Khanna) ₹ 0.82 million(P.Y ₹ 2.92 million), Ms Shobha Bang(wife of Mr. Shyamsundar Bang) ₹ 5.16 million(P.Y ₹ 4.53 million).

10. Donation to Jubilant Bhartia Foundation ₹ 19.80 million (P.Y ₹ 23.20 million).

11. Sharing of licensing fees with Jubilant Pharmaceuticals NV ₹ 90.78 million (P.Y ₹ 12.88 million).

12. R&D services rendered to Jubilant Cadista Pharmaceuticals Inc. ₹ Nil (P.Y ₹ 5.59 million).

13. Professional services-fees paid to Amarchand & Mangaldas & Suresh A. Shroff & Co. ₹ 2.14 million (P.Y ₹ 2.53 million).

14. Lease rental paid to Jubilant Infrastructure Limited ₹ 16.38 million (P.Y ₹ 8.48 million).

15. Development charges paid to Jubilant Infrastructure Limited ₹ 141.79 million (P.Y ₹ 257.20 million).

16. Investments in equity share capital include to Jubilant Pharma Pte Limited ₹ 205.60 million (P.Y ₹ 1,771.77 million), Jubilant Infrastructure Limited ₹ 495.00 million (P.Y ₹ 425.00 million), Jubilant First Trust Healthcare Limited ₹ 274.10 million (P.Y ₹ 24.70 million).

17. Interest paid on loan from Jubilant Infrastructure Limited ₹ 1.13 million (P.Y ₹ 1.77 million).

18. Redemption of optionally convertible non-cumulative redeemable preference shares by Jubilant Chemsys Limited ₹ 48.00 million (P.Y ₹ 100 million).

19. Loan given to Jubilant Pharma Pte Limited ₹ 152.63 million (P.Y ₹ 445.95 million), Jubilant Biosys Ltd ₹ 30.00 million (P.Y ₹ 122.00 million), Jubilant Employee Welfare Trust ₹ 183.99 million (P.Y ₹ Nil).

20. Loan received back from Jubilant Pharma Pte Limited ₹ 445.95 million (P.Y. ₹ Nil), Jubilant Employee Welfare Trust ₹ Nil (P.Y ₹ 153.31 million).

21. Loan taken from Jubilant Infrastructure Limited ₹ 120.00 million (P.Y ₹ 160.00 million).

22. Loan repaid to Jubilant Infrastructure Limited ₹ 55.00 million (P.Y ₹ 160.00 million).

23. Loan payable to Jubilant Infrastructure Limited ₹ 65.00 (P.Y ₹ Nil).

24. Interest payable on loan from Jubilant Infrastructure Limited ₹ 1.02 million (P.Y ₹ Nil).

25. Trade and other payables include to Jubilant Clinsys Ltd to ₹ 36.72 million(P.Y ₹ 15.29 million), Jubilant Pharmaceuticals NV ₹ 122.42 million(P.Y ₹ 83.30 million), Jubilant Life Sciences USA Inc ₹ 9.07 million(P.Y ₹ 7.94 million), Jubilant Cadista Pharmaceuticals Inc ₹ 26.71 million(P.Y ₹ Nil), Jubilant Infrastructure Ltd ₹ 270.60 million(P.Y ₹ Nil), Jubilant Life Sciences (Switzerland) AG ₹ 4.89 million(P.Y ₹ Nil) , Amarchand & Mangaldas & Suresh A. Shroff & Co. ₹ 0.19 million(P.Y ₹ 0.81 million), Jubilant Industries Limited ₹ 1.91 million (P.Y ₹ 37.69 million), Jubilant Agri and Consumer Products Ltd ₹ 13.40 million(P.Y ₹ Nil).

26. Loans recoverable from Jubilant Pharma Pte Ltd ₹ 152.63 million (P.Y ₹ 445.95 million) and Jubilant Biosys Ltd ₹ 1,650.92 million (P.Y ₹ 1,483.80 million), Jubilant Employee Welfare Trust ₹ 453.89 million (P.Y ₹ 269.90 million).

27. Trade receivables include from Jubilant Pharmaceuticals N.V ₹ 413.34 million (P.Y ₹ 13.38 million), PSI Supply NV ₹ 44.81 million(P.Y ₹ 27.50 million), Jubilant Life Sciences (USA) Inc ₹ 401.17 million(P.Y ₹ 394.78 million), Jubilant Life Sciences (Shanghai) Ltd ₹ 652.27 million(P.Y ₹ 578.17 million), Jubilant Cadista Pharmaceuticals Inc ₹ 174.83 million(P.Y ₹ Nil), Jubilant Clinsys Inc. ₹ 3.82 million (P.Y ₹ Nil), Jubilant Industries Limited ₹ 35.29 million (P.Y ₹ Nil), Jubilant Agri and Consumer Products Ltd ₹ 9.03 million (P.Y ₹ Nil).

28. Deposit recoverable from Tower Promoters Pvt. Limited ₹ 21.00 million (P.Y ₹ 21.00 million).

29. Other recoverables include from PSI Supply NV ₹ 0.10 million(P.Y ₹ 3.64 million), Jubilant Cadista Pharmaceuticals Inc ₹ Nil(P.Y ₹ 40.93 million), Jubilant HollisterStier LLC ₹ 52.65 million(P.Y ₹ 26.20 million), Jubilant Clinsys Inc ₹ 8.13 million(P.Y ₹ 5.29 million), Jubilant HollisterStier General Partnership ₹ 40.15 million(P.Y ₹ 31.43 million), Jubilant DraxImage Inc ₹ 25.44 million(P.Y ₹ 18.81 million), Jubilant Draximage Ltd ₹ 2.26 million(P.Y ₹ 2.04 million), Jubilant Chemsys ltd ₹ 0.53 million(P.Y ₹ Nil), Jubilant Infrastructure ltd ₹ 0.41 million(P.Y ₹ 4.83 million), Jubilant Innovation (USA) Inc. ₹ 0.25 million.(P.Y ₹ Nil), Mr. R Sankaraiah ₹ 25.00 million(P.Y ₹ 25.00 million), Jubilant Oil & Gas Pvt. Limited ₹ 0.18 million (P.Y ₹ 2.79 million), Jubilant Foodworks Limited ₹ Nil (P.Y ₹ 2.81 million), Jubilant Industries Limited ₹ 21.19 million (P.Y ₹ Nil), Jubilant Agri and Consumer Products Ltd ₹ 15.26 million (P.Y ₹ Nil), B&M Hot Breads Pvt Limited ₹ 0.04 million(P.Y ₹ 0.03 million).

30. Financial guarantees given on behalf of subsidiaries include for HSL Holdings Inc ₹ 317.97 million (PY ₹ 836.16 million), Jubilant HollisterStier LLC ₹ 1,916.12 million(PY ₹ 2,239.15 million).

(₹ in million)

| For the year ended 31st March, | 2012 | 2011 |
|---|---|---|
| **55. (a) Expenditure in foreign currency (on remittance basis)**** | | |
| - Legal, professional & consultancy Charges | 69.48 | 93.46 |
| - Travel /entertainment expenses | 38.67 | 36.53 |
| - Commission on export sales | 34.79 | 26.15 |
| - Interest | 387.29 | 71.25 |
| - Premium on redemption of FCCB | 2,718.10 | 868.36 |
| - Product development expenses | 91.92 | - |
| - Others | 96.16 | 89.44 |
| **(b) Value of Imports on C.I.F. basis**** | | |
| - Raw materials | 4,761.49 | 3,987.49 |
| - Traded goods | 1,729.25 | 1,544.99 |
| - Store, spares, chemicals & packing material | 129.34 | 192.58 |
| - Capital goods | 227.10 | 158.39 |
| **(c) Remittance in foreign currency on account of final dividend** | | |
| a) Amount of dividend remitted | 11.14 | 11.14 |
| b) Number of Non-Resident Shareholders | 3 | 3 |
| c) Number of equity shares held by Non-Resident Shareholders* | 5,570,445 | 5,570,445 |
| d) The year to which dividend related | 2010-11 | 2009-10 |
| *excluding where dividend has been paid in Indian currency | | |
| **(d) Earnings in foreign exchange **** | | |
| - Export Sales-Net of Returns (FOB Value) | 13,576.02 | 11,356.89 |
| - Other Operating Income | 103.13 | 34.50 |
| - Interest Income | 0.21 | 1.13 |

** Excluding transaction for Jubilant Industries Ltd(JIL) during the previous period where business was run by the company on behalf of JIL as Trust as per Scheme of Amalgamation & Demerger.

## 56. EARNINGS PER SHARE (EPS)

(₹ in million)

| For the year ended 31st March, | | 2012 | 2011 |
|---|---|---|---|
| I. Profit Computation for Basic & Diluted Earnings Per Share of ₹ 1 each | ₹ in million | (809.15) | 2,796.26 |
| II. Weighted average number of equity shares for Earnings Per Share computation | | | |
| A) For Basic Earnings Per Share | Nos | 159,281,139 | 159,281,139 |
| B) For Diluted Earnings Per Share: | | | |
| No. of shares for Basic EPS as per II A | Nos | 159,281,139 | 159,281,139 |
| Add: Weighted average outstanding Options/Shares related to FCCB & Employee stock options. | Nos | - | 16,890,778 |
| No. of shares for Diluted Earnings Per Share | Nos | 159,281,139 | 176,171,917 |
| III. Earnings Per Share (face value of ₹ 1 each) | | | |
| Basic | Rupees | (5.08) | 17.56 |
| Diluted | Rupees | (5.08) | 15.87 |

**Notes :**

1) The Diluted EPS does not include the effect of vested employee stock options as number of shares held by Jubilant Employee Welfare Trust are in excess of employee stock option granted and outstanding. (Refer Note 43)

**57.** Previous Year's figures have been regrouped/rearranged wherever considered necessary to conform to this year's classification.

**Signature to Notes "1" to "57" forming part of the Balance Sheet and Statement of Profit and Loss.**

In terms of our report of even date attached. — For and on behalf of the Board

for **K.N. Gutgutia & Co.**
Firm Registration Number : 304153E
Chartered Accountants

**B.R. Goyal**
Partner
Membership No. 12172

**Shyam S. Bhartia**
Chairman & Managing Director

Place: Noida
Date : 7th May, 2012

**Lalit Jain**
Company Secretary

**R. Sankaraiah**
Executive Director - Finance

**Hari S. Bhartia**
Co-Chairman & Managing Director

# Consolidated Auditors' Report

**AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF JUBILANT LIFE SCIENCES LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF JUBILANT LIFE SCIENCES LIMITED, ITS SUBSIDIARIES AND ENTITIES FOR THE YEAR ENDED 31ST MARCH, 2012.**

1. We have examined the attached Consolidated Balance Sheet of Jubilant Life Sciences Limited ('the Company'), its subsidiaries and entities (collectively hereinafter referred to as the "Group") as at 31st March, 2012, the Consolidated Statement of Profit and Loss for the year then ended and annexed thereto and the consolidated Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements and other financial information of one of the Subsidiary Companies which has been audited by another auditor whose Report has been furnished to us and our opinion is based upon the Report of the other auditor. The net assets of ₹ 42.07 million as at 31st March, 2012, revenues of ₹ 82.56 million and net cash outflows of ₹ 63.25 million, in respect of the aforesaid subsidiary, for the year then ended has been considered in preparation of the attached consolidated financial statement.

4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21-Consolidated Financial Statements, and Accounting Standard (AS) 27-Financial Reporting of Interest in Joint Ventures notified under Sub Section 211 of the Companies Act,1956 by the Ministry of Corporate Affairs, Government of India and on the basis of the separate audited financial statements of Jubilant Life Sciences Limited, its subsidiaries and entities included in the Consolidated Financial Statements.

5. Based upon our audit and on consideration of the separate audit report on individual audited financial statements of Jubilant Life Sciences Limited, its aforesaid subsidiaries and entities, in our opinion and to the best of our information and the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   a) In the case of the consolidated Balance Sheet, of the consolidated state of affairs of the "Group" as at 31st March, 2012;

   b) In the case of the consolidated Statement of Profit and Loss, of the consolidated results of operations of the "Group" for the year ended on that date; and

   c) In the case of the consolidated Cash Flow Statement, of the consolidated cash flows of the "Group" for the year ended on that date.

**For K.N. GUTGUTIA & COMPANY**
Firm Registration Number: 304153E
Chartered Accountants

**B.R. GOYAL**
Partner
Membership No. 12172

Place : Noida
Date : 7th May, 2012

# Consolidated Balance Sheet

(₹ in million)

| As at 31st March, | Note No | 2012 | | 2011 | |
|---|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | | |
| **Shareholders' Funds** | | | | | |
| Share capital | 2 | 159.30 | | 159.30 | |
| Reserves & surplus | 3 | 23,138.43 | | 21,563.36 | |
| | | | 23,297.73 | | 21,722.66 |
| **Minority interest** | | | 689.52 | | 418.11 |
| **Non-current liabilities** | | | | | |
| Long-term borrowings | 4 | 28,399.17 | | 28,365.16 | |
| Deferred tax liabilities(Net) | 5 | 2,240.32 | | 2,107.01 | |
| Other long term liabilities | 6 | 7.63 | | 6.69 | |
| Long-term provisions | 7 | 1,696.96 | | 398.68 | |
| | | | 32,344.08 | | 30,877.54 |
| **Current liabilities** | | | | | |
| Short-term borrowings | 8 | 7,670.67 | | 8,830.28 | |
| Trade payables | 9 | 8,369.83 | | 5,174.27 | |
| Other current liabilities | 10 | 4,995.53 | | 4,659.37 | |
| Short-term provisions | 11 | 1,091.83 | | 4,032.76 | |
| | | | 22,127.86 | | 22,696.68 |
| **Total** | | | **78,459.19** | | **75,714.99** |
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Fixed assets | | | | | |
| Tangible assets | 12 | 27,428.31 | | 23,073.50 | |
| Intangible assets | 13 | 17,173.44 | | 16,837.03 | |
| Capital work-in-progress | 12 | 3,730.76 | | 4,179.74 | |
| Intangible assets under development | 13 | 3,124.72 | | 2,487.37 | |
| Non-current investments | 14 | 192.00 | | 327.52 | |
| Deferred tax assets(net) | 5 | 102.84 | | 395.02 | |
| Long-term loans and advances | 15 | 2,542.91 | | 2,485.95 | |
| Other non-current assets | 16 | 726.13 | | 11.38 | |
| | | | 55,021.11 | | 49,797.51 |
| **Current assets** | | | | | |
| Inventories | 17 | 10,202.22 | | 6,912.78 | |
| Trade receivables | 18 | 6,526.86 | | 5,204.47 | |
| Cash & bank balances | 19 | 2,671.86 | | 10,451.40 | |
| Short-term loans and advances | 20 | 3,579.94 | | 3,033.03 | |
| Other current assets | 21 | 457.20 | | 315.80 | |
| | | | 23,438.08 | | 25,917.48 |
| **Total** | | | **78,459.19** | | **75,714.99** |
| **Statement of significant accounting policies & Notes to the Financial Statements** | 1-54 | | | | |

In terms of our report of even date attached.

For and on behalf of the Board

for **K.N. Gutgutia & Co.**
Firm Registration Number : 304153E
Chartered Accountants

**B.R. Goyal**
Partner
Membership No. 12172

**Shyam S. Bhartia**
Chairman & Managing Director

Place: Noida
Date : 7th May, 2012

**Lalit Jain**
Company Secretary

**R. Sankaraiah**
Executive Director - Finance

**Hari S. Bhartia**
Co-Chairman & Managing Director

# Consolidated Statement of Profit and Loss

(₹ in million)

| For the year ended 31st March, | Note No | 2012 | | 2011 | |
|---|---|---|---|---|---|
| **REVENUE** | | | | | |
| Revenue from operations (gross) | 22 | 43,952.29 | | 35,224.31 | |
| Less: excise duty | | (921.03) | | (768.08) | |
| Revenue from operations (net) | | | 43,031.26 | | 34,456.23 |
| Other income | 23 | | 196.19 | | 104.88 |
| **Total revenue** | | | **43,227.45** | | **34,561.11** |
| **EXPENSES** | | | | | |
| Cost of materials consumed | 24 | | 15,042.80 | | 11,283.22 |
| Purchase of traded goods | 25 | | 3,232.68 | | 2,504.56 |
| Change in inventories of finished goods, work-in-progress and traded goods | 26 | | (2,000.93) | | (387.93) |
| Other manufacturing expenses | 27 | | 6,043.01 | | 5,053.38 |
| Employee benefits expenses | 28 | | 8,363.64 | | 7,185.42 |
| Finance costs | 29 | | 2,095.94 | | 1,057.84 |
| Depreciation & amortisation expense | 12&13 | | 2,206.51 | | 1,801.02 |
| Other expenses | 30 | | 3,615.93 | | 3,243.44 |
| **Total expenses** | | | **38,599.58** | | **31,740.95** |
| **Profit before exceptional items and tax** | | | **4,627.87** | | **2,820.16** |
| Exceptional items | 31 | | 3,486.80 | | 414.25 |
| **Profit before tax** | | | **1,141.07** | | **2,405.91** |
| Tax expenses | 45 | | | | |
| - Current tax | | | 561.08 | | 876.21 |
| - MAT credit entitlement | | | (42.52) | | (622.86) |
| - Deferred tax charge/(credit) | | | 165.58 | | (119.70) |
| | | | **684.14** | | **133.65** |
| **Profit for the year (before adjustment for minority interest)** | | | **456.93** | | **2,272.26** |
| Minority interest | | | 311.32 | | (24.93) |
| **Profit for the year (after adjustment for minority interest)** | | | **145.61** | | **2,297.19** |
| **Basic earnings per share of ₹ 1 each (In Rupees)** | 52 | | 0.91 | | 14.42 |
| **Diluted earnings per share of ₹ 1 each (In Rupees)** | 52 | | 0.91 | | 13.04 |
| **Statement of significant accounting policies & Notes to the Financial Statements** | 1-54 | | | | |

In terms of our report of even date attached.

For and on behalf of the Board

for **K.N. Gutgutia & Co.**
Firm Registration Number : 304153E
Chartered Accountants

**B.R. Goyal**
Partner
Membership No. 12172

**Shyam S. Bhartia**
Chairman & Managing Director

Place: Noida
Date : 7th May, 2012

**Lalit Jain**
Company Secretary

**R. Sankaraiah**
Executive Director - Finance

**Hari S. Bhartia**
Co-Chairman & Managing Director

# Consolidated Cash Flow Statement

(₹ in million)

| For the year ended 31st March, | 2012 | 2011 |
|---|---|---|
| **A. Cash flow arising from operating activities :** | | |
| **Net profit before tax** | 1,141.07 | 2,405.91 |
| Adjustments for: | | |
| Depreciation & amortisation | 2,206.51 | 1,801.02 |
| Loss/(Gain) on sale/disposal/discard of Fixed Assets/Intangibles | 208.75 | 127.74 |
| Finance costs | 2,095.94 | 1,057.84 |
| Provision for diminution in the value of Investments | 166.29 | 12.23 |
| Provision for loss on impairment of goodwill | 1,505.75 | - |
| Amortisation of FCMITDA | 405.05 | 127.92 |
| Provision for doubtful debts | 23.22 | (14.88) |
| Provision for employee benefits | 121.80 | 71.60 |
| Bad debts/irrecoverable advances written off (net off write-in) | 18.97 | 22.81 |
| Unrealised (gain)/loss on exchange (including mark-to-market on currency and interest rate swaps) | 1,215.55 | (8.64) |
| Repairs to plant & machinery(non-cash) | - | 9.97 |
| Interest income (as shown in Note 23) | - | (12.73) |
| Income from current investment (non trade) - dividend | (13.44) | (10.65) |
| | 7,954.39 | 3,184.23 |
| **Operating profit before working capital changes** | **9,095.46** | **5,590.14** |
| Adjustments for : | | |
| (Increase)/Decrease in trade and other receivables | (973.29) | (571.38) |
| (Increase)/Decrease in inventories | (2,824.24) | (1,327.61) |
| Increase/(Decrease) in trade and other payables | 2,432.13 | 1,057.60 |
| **Cash generated from operations** | **7,730.06** | **4,748.75** |
| Direct taxes paid (net of refunds) | (654.66) | (851.40) |
| Interest income received | - | 0.17 |
| **Net cash inflow/(outflow) in course of operating activities** | **7,075.40** | **3,897.52** |
| **B. Cash flow arising from investing activities :** | | |
| Acquisition/purchase of fixed assets/CWIP(including capital advances) | (6,145.61) | (5,814.45) |
| Sale proceeds of fixed assets | 12.87 | 23.06 |
| (Purchase)/sale of investments (net) | (10.25) | 2,222.97 |
| Payment for acquisition of subsidiaries | (41.64) | - |
| Movement in other bank balances | 2.19 | 8.40 |
| Interest received | 222.22 | 27.83 |
| Dividend received | 13.44 | 10.65 |
| **Net cash inflow/(outflow) in course of investing activities** | **(5,946.78)** | **(3,521.54)** |
| **C. Cash flow arising from financing activities :** | | |
| Proceeds from long term & short term borrowings | 9,181.42 | 20,719.16 |
| Repayment of long term & short term borrowings | (6,096.89) | (9,813.95) |
| Repayment of FCCB(including premium on redemption of FCCB) | (9,442.01) | (3,318.10) |
| Dividend paid (including dividend distribution tax) | (368.08) | (369.12) |
| Finance cost paid | (2,162.60) | (1,135.89) |
| **Net cash inflow/(outflow) in course of financing activities** | **(8,888.16)** | **6,082.10** |
| **D. Foreign currency translation difference arising on consolidation** | **(40.84)** | **473.89** |
| **Net increase in cash & cash equivalents (A+B+C+D)** | **(7,800.38)** | **6,931.97** |
| Add: cash & cash equivalents at the beginning of year(including balance in dividend accounts) | 10,411.55 | 4,982.68 |
| Add: cash & cash equivalents on consolidation of subsidiaries acquired during the year | 19.63 | - |
| Adjustment: cash & cash equivalents on account of scheme of amalgamation & demerger | - | (1,503.10) |
| **Cash & cash equivalents at the close of the year (including balance in dividend accounts)** | **2,630.80** | **10,411.55** |

**Notes:**

1) Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard 3 (AS-3)-" Cash Flow Statements".
2) Purchase/acquisition of fixed assets includes movement of CWIP during the year.
3) Closing Cash & Cash Equivalents includes ₹ 1,783.06 million (Previous Year ₹ 12.27 million) which has restricted use - (Refer Note 19).

In terms of our report of even date attached.

For and on behalf of the Board

for **K.N. Gutgutia & Co.**
Firm Registration Number : 304153E
Chartered Accountants

**B.R. Goyal**
Partner
Membership No. 12172

**Shyam S. Bhartia**
Chairman & Managing Director

Place: Noida
Date : 7th May, 2012

**Lalit Jain**
Company Secretary

**R. Sankaraiah**
Executive Director - Finance

**Hari S. Bhartia**
Co-Chairman & Managing Director

# Notes to the Consolidated Financial Statements

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

**Corporate Information**

Jubilant Life Sciences Limited (the Company) is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 1956. Its shares are listed on Bombay Stock Exchange and National Stock Exchange of India. The consolidated financial statements of the Company as at and for the year ended on 31st March, 2012 comprise the Company and its subsidiaries (together referred to as “the Group”). The group is a global Pharmaceutical and Life Sciences player engaged in manufacture and supply of APIs, Generics, Specialty Pharmaceuticals and Life Science Ingredients. It also provides services in Contract Manufacturing and Drug Discovery and Development. The group’s strength lies in its unique offerings of Pharmaceutical and Life Sciences products and services across the value chain. It is well recognised as a ‘Partner of Choice’ by leading pharmaceuticals and life sciences companies globally.

### A. Basis of Preparation and presentation of Financial Statements

The accounts of the Group are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India (“GAAP”) and comply with the mandatory accounting standards notified under the Companies (Accounting Standards) Rules, 2006 as amended and with the relevant provisions of the Companies Act, 1956. The consolidated financial statements are presented in Indian rupees rounded off to the nearest million.

The preparation of financial statements in conformity with 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 financial statements and the results of operations during the reporting periods. Examples of such estimate include future obligations under employee benefit plans, income taxes, useful lives of fixed assets and intangible assets, impairment of assets, provision for doubtful debts etc. Management believes that the estimates used in the preparation of the consolidated financial statements is prudent and reasonable. Actual results could vary from these estimates. Appropriate changes in estimates are made as the management becomes aware of the changes in circumstances surrounding the estimates. Any revision to accounting estimates is recognised in the period in which such results are known/materialised. Effect of material changes is disclosed in the notes to the financial statements.

During the year ended March 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company for presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, the revised Schedule VI has a significant impact on the presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

All assets and liabilities have been classified as current or non-current as per the Company’s normal operating cycle and other criteria set out in the revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisitions of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

### B. Principles of Consolidation

**The consolidated financial statements have been prepared on the following basis:**

i. The financial statements of the Company and its Subsidiary Companies have been combined substantially on a line-by-line basis by adding together the book values of like items of assets, liabilities, incomes and expenses, after eliminating intra-group balances, intra-group transactions and unrealised profits.

ii. The Consolidated Financial Statements have been prepared in accordance with the Accounting Standard 21 (AS-21), “Consolidated Financial Statements” and using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company’s separate financial statements.

**The subsidiaries considered in the consolidated financial statements are as under:**

| S. No | Name | Country of Incorporation | Name of Parent | Nature of Business | Percentage of ownership |
|---|---|---|---|---|---|
| 1 | Jubilant Pharma Pte. Limited | Singapore | Jubilant Life Sciences Limited | Investment | 100% |
| 2 | Draximage Limited, Cyprus | Cyprus | Jubilant Pharma Pte. Limited | Investment | 100% |
| 3 | Draximage Limited, Ireland | Ireland | Draximage Limited, Cyprus | Sale/purchase of radiopharmaceuticals products | 100% |
| 4 | Draximage LLC | USA | Draximage Limited, Cyprus | Sale/purchase of radiopharmaceuticals products | 100% |
| 5 | Jubilant DraxImage (USA) Inc. | USA | Draximage Limited, Cyprus | Sale/purchase of radiopharmaceuticals products | 100% |
| 6 | Deprenyl Inc., USA | USA | Draximage Limited, Cyprus | Investment | 100% |
| 7 | Jubilant DraxImage Inc. | Canada | Jubilant Pharma Pte. Limited | Manufacture of sterile and non sterile products & radiopharmaceuticals products | 100% |
| 8 | 6963196 Canada Inc. | Canada | Jubilant DraxImage Inc. | Investment | 100% |
| 9 | 6981364 Canada Inc. | Canada | Jubilant DraxImage Inc. | Investment | 100% |
| 10 | DAHI Animal Health (UK) Limited | UK | Jubilant DraxImage Inc. | Non-operative company | 100% |
| 11 | Draximage (UK) Limited | UK | Jubilant DraxImage Inc. | Sale of radiopharmaceutical products | 100% |
| 12 | Jubilant Life Sciences Holdings Inc. | USA | Jubilant Pharma Pte. Limited<br>Jubilant Life Sciences Limited | Investment | 81.65%<br>18.35% |
| 13 | Jubilant Clinsys Inc. | USA | Jubilant Life Sciences Holdings Inc. | Clinical research | 100% |
| 14 | Cadista Holdings Inc. | USA | Generic Pharmaceuticals Holdings, Inc. | Investment | 82.38% |
| 15 | Jubilant Cadista Pharmaceuticals Inc. | USA | Cadista Holdings Inc. | Generic-pharmaceuticals & dosage forms | 100% |
| 16 | Jubilant Life Sciences International Pte. Limited | Singapore | Jubilant Pharma Pte. Limited | Sale/purchase of chemicals, APIs, speciality chemicals, advance intermediates and formulations | 100% |
| 17 | HSL Holdings Inc. | USA | Jubilant Life Sciences Holdings Inc. | Investment | 100% |
| 18 | Jubilant HollisterStier LLC | USA | HSL Holdings Inc. | Manufacture of allergenic extracts & sterile Injectables vials | 100% |
| 19 | Jubilant Life Sciences (Shanghai) Limited | China | Jubilant Pharma Pte. Limited | Trading | 100% |
| 20 | Jubilant Pharma NV | Belgium | Jubilant Life Sciences Limited<br>Jubilant Pharma Pte. Limited | Investment | 77.65%<br>22.35% |
| 21 | Jubilant Pharmaceuticals NV | Belgium | Jubilant Pharma NV<br>Jubilant Pharma Pte. Ltd | Licensing & regulatory services | 99.81%<br>0.19% |
| 22 | PSI Supply NV | Belgium | Jubilant Pharma NV<br>Jubilant Pharma Pte. Ltd | Supply of dosage forms | 99.50%<br>0.50% |
| 23 | Jubilant Life Sciences (USA) Inc. | USA | Jubilant Life Sciences Limited | Trading | 100% |

| S. No | Name | Country of Incorporation | Name of Parent | Nature of Business | Percentage of ownership |
|---|---|---|---|---|---|
| 24 | Jubilant Life Sciences (BVI) Limited | BVI | Jubilant Pharma Pte. Limited | Investment | 100% |
| 25 | Jubilant Biosys (BVI) Limited | BVI | Jubilant Life Sciences (BVI) Limited | Investment | 100% |
| 26 | Jubilant Biosys (Singapore) Pte. Limited | Singapore | Jubilant Biosys (BVI) Limited | Investment | 100% |
| 27 | Jubilant Biosys Limited | India | Jubilant Biosys (Singapore) Pte. Limited | Drug discovery & development services | 66.98% |
| 28 | Jubilant Discovery Services, Inc. | USA | Jubilant Biosys Limited | Drug discovery and development services | 100% |
| 29 | Jubilant Drug Development Pte. Limited | Singapore | Jubilant Life Sciences (BVI) Limited | Investment | 100% |
| 30 | Jubilant Chemsys Limited | India | Jubilant Drug Development Pte. Limited | Medicinal chemistry services | 100% |
| 31 | Jubilant Clinsys Limited | India | Jubilant Drug Development Pte. Limited | Clinical Research | 100% |
| 32 | Jubilant Infrastructure Limited | India | Jubilant Life Sciences Limited | Special economic zone(s) developers | 100% |
| 33 | Jubilant First Trust Healthcare Limited | India | Jubilant Life Sciences Limited<br>First Trust Medicare Pvt. Limited | Healthcare | 95.84%<br>4.16% |
| 34 | Asia Healthcare Development Limited | India | Jubilant First Trust Healthcare Limited | Healthcare | 100% |
| 35 | Jubilant Innovation (BVI) Limited | BVI | Jubilant Pharma Pte. Limited | Drug discovery and development services | 100% |
| 36 | Jubilant Innovation Pte. Limited | Singapore | Jubilant Innovation (BVI) Limited | Investment | 100% |
| 37 | Jubilant DraxImage Limited | India | Draximage Limited, Cyprus | Sale/purchase of radiopharmaceuticals products | 100% |
| 38 | Jubilant Innovation (India) Limited | India | Jubilant Innovation (BVI) Limited | Drug discovery and development services | 100% |
| 39 | Jubilant Innovation (USA) Inc. | USA | Jubilant Innovation (BVI) Limited | Drug discovery and development services | 100% |
| 40 | Jubilant HollisterStier Inc. (formerly Draxis Pharma Inc.) | USA | HSL Holdings Inc. | Investment | 100% |
| 41 | Draxis Pharma LLC | USA | Jubilant HollisterStier Inc. (formerly Draxis Pharma Inc.) | Non-operating | 100% |
| 42 | Generic Pharmaceuticals Holdings, Inc. | USA | Jubilant Life Sciences Holdings Inc. | Investment | 100% |
| 43 | Jubilant Life Sciences (Switzerland) AG, Schaffhausen | Switzerland | Jubilant Pharma Pte. Limited | Business development services | 100% |
| 44 | First Trust Medicare Pvt. Limited | India | Jubilant Life Sciences Limited | Investment | 100% |
| 45 | Jubilant Drug Discovery & Development Services Inc. | Canada | Jubilant Innovation Pte. Limited | Business development services | 100% |
| 46 | Jubilant HollisterStier General Partnership (Formerly known as Draxis Pharma General Partnership) | Canada | Jubilant HollisterStier Inc (Formerly known as Draxis Pharma Inc.)<br>Draxis Pharma LLC | Contract manufacturing for sterile and non sterile products | 99.99%<br>0.01% |
| 47 | Draximage General Partnership | Canada | Jubilant Draximage Inc<br>6981364 Canada Inc. | Drug discovery and development services | 90%<br>10% |
| 48. | Vanthys Pharmaceutical Development Pvt. Ltd | India | Jubilant Innovation Pte. Limited | Drug discovery and development services | Refer Note 36 |

iii. For the purpose of Consolidation of accounts of foreign subsidiaries, considered non-integral foreign operations, average rate of currencies have been applied for revenue items and the year-end rates have been applied for Balance Sheet items as per Accounting Standard 11 (AS-11) – "The Effects of Changes in Foreign Exchange Rates". The net exchange difference on translation of financial statements of non-integral foreign operations is recognised as foreign currency translation reserve.

iv. The excess of cost to the Company of its investments in the subsidiary Company over its share of the equity of the subsidiary Company, at the dates on which such investments in the subsidiary Company are made, is recognised as 'goodwill' in the consolidated financial statement . The parent company's portion of equity in the subsidiary is determined on the basis of the book value of assets and liabilities as per the financial statements of the subsidiary on the dates of investments.

v. Goodwill in the Balance Sheet represents goodwill arising on consolidation of subsidiaries. Goodwill on consolidation is tested for impairment at each Balance Sheet date and the impairment loss, if any, is provided for.

vi. Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above. The excess of loss over the minority interest in the equity is adjusted against general reserve of the Company.

vii. The accounts of Jubilant Employee Welfare Trust have not been consolidated in line with the Guidance Note on "Accounting for Employee Share-based Payment" issued by the Institute of Chartered Accountants of India.

## C. Tangible and Intangible Fixed Assets

Fixed assets are stated at cost net of tax/duty credits availed, if any, less accumulated depreciation/amortization/ impairment losses. The cost of fixed assets includes effect of exchange differences on long term foreign currency borrowings, freight, other incidental expenses related to the acquisition and installation of the respective assets and borrowing costs directly attributable to fixed assets which necessarily take a substantial period of time to get ready for their intended use. In case of fixed assets acquired at the time of amalgamation of certain entities with Company, the same are recognised at book value in case of amalgamation in the nature of merger and at book value / fair value in case of amalgamation in the nature of purchase in line with Accounting Standard 14 (AS 14)-"Accounting for Amalgamations". Insurance spares/ standby equipments are capitalised as part of the mother asset and are depreciated at applicable rates, over the remaining useful life of the mother asset.

Cost incurred for product development leading to Product Registration / Market Authorization is recognised as intangible asset when it is probable that the future economic benefits that is attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Expenditure for acquisition and implementation of software systems is recognised as part of the intangible assets.

Expenditure incurred on start up and commissioning of the project and /or substantial expansion, including the expenditure incurred on trial runs (Net of trial run receipts, if any) up to the date of commencement of commercial production are capitalised. Subsequent expenditures related to an item of fixed asset are capitalised to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance. Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets are recognised in the Statement of Profit and Loss.

## D. Depreciation and Amortisation

Depreciation is provided on straight line method at rates mentioned and in the manner specified in Schedule XIV to the Companies Act, 1956 (as amended), and read with the statement as mentioned hereunder, on the original cost/ acquisition cost of assets or other amounts substituted for cost. Certain plants were classified as continuous process plants from the financial year ended 31st March, 2000 on technical assessment, (relied upon by the auditor being a technical matter) and depreciation on such assets has been provided accordingly.

Depreciation, in respect of assets added/installed up to December 15, 1993, is provided at the rates applicable at the time of additions/installations of the assets as per the Companies Act, 1956 and depreciation, in respect of assets added/installed during the subsequent period, is provided at the rates, mentioned in Schedule XIV to the Companies Act, 1956 read with notification dated 16th December, 1993 issued by Department of Company Affairs, Government of India except for the following classes of fixed assets which are depreciated over the useful life estimated as under;

a. R&D related equipment & machineries: ten years.

b. Moulds, dies and punches for manufacture of dosage formulations: five years

c. Motor vehicles: five years.

d. Motor vehicles under finance lease: Tenure of lease or five years whichever is shorter.

e. Computer & information technology related assets: three to five years.

f. Certain employee perquisite related assets: five years, being the period of the perquisite scheme.

However, the depreciation rates so arrived at are not lower than the rates prescribed in Schedule XIV to the Companies Act, 1956.

Depreciation on assets added/disposed off during the year has been provided on pro-rata basis with reference to the date of addition/disposal. Depreciation on assets added/disposed off during the year, in case of some of overseas subsidiaries, is provided on pro rata basis with reference to the month of addition/disposal.

Depreciation on exchange fluctuation capitalised is charged over the remaining useful life of assets in view of the option exercised by the Company for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with para 46 and 46A of Accounting Standard 11 (AS-11) – “The Effects of Changes in Foreign Exchange Rates”. Also refer Note 47.

Depreciation in respect to assets of overseas subsidiaries is provided over the estimated useful life by using the straight line method (SLM). The estimated useful life is considered in overseas subsidiary companies in following range:

Building: 30 years

Plant & machinery: 3 to 20 years

Furniture and office equipments: 3 to 15 years

Intangibles: 5 to 10 years

However, the said rates of depreciation in respect of overseas subsidiaries are not lower than the rates prescribed vide Schedule XIV to the Companies Act, 1956.

Leasehold land is amortised over period of the lease.

Intangible assets in the nature of Product Registrations/ Market Authorization are amortised on a straight-line basis over a period of five years in case of internally developed products (Intangibles) and 10 years in case of bought out product (Intangibles), from the date of regulatory approval and the product going off-patent whichever is later. Software systems are being amortised over a period of five years being their useful life. Rights are amortised over the useful life.

## E. Leases

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Lease payment is allocated between the liability and finance charges so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

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

## F. Valuation of Inventories

Inventories are valued at lower of cost or net realisable value except scrap, which is valued at net estimated realisable value.

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

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

Cost includes all direct costs, cost of conversion and appropriate portion of variable and fixed production overheads and such other costs incurred as to bring the inventory to its present location and condition inclusive of excise duty wherever applicable.

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

## G. Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as non current investments. Current investments are carried at cost or fair value, whichever is lower. Non current investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

**H. Income Tax**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period.

**Current Tax**

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

**Deferred Tax**

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the current year and reversal of the timing differences of the earlier years. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each Balance Sheet date and are written-down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to Taxes on income levied by the same governing taxation laws.

**Minimum Alternate Tax**

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

**I. Foreign Currency Conversions/ Translation**

i. **Initial Recognition:** Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on/or closely approximating to the date of the transaction.

ii. **Conversion:** Foreign currency monetary items are reported using the closing rate or at the spot rate at the inception of forward contract where forward cover for the specific monetary item has been taken. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when such values were determined.

iii. **Exchange Differences:** All monetary assets and liabilities in foreign currency are restated at period end exchange rate. The Company has opted for accounting of exchange differences arising on reporting of long term foreign currency monetary items under para 46A of Accounting Standard 11 (AS-11) – “The Effects of Changes in Foreign Exchange Rates”. Accordingly, foreign exchange difference attributable to depreciable asset is adjusted in the cost of the depreciable asset, which would be depreciated over the balance life of the asset. In other cases, the foreign exchange difference is accumulated in a Foreign Currency Monetary Item Translation Difference Account (FCMITDA), and amortised over the balance period of such long term asset/ liability. A monetary asset or liability is termed as a long-term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of 12 months or more at the date of origination of the asset or liability.

   Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

iv. **Foreign Exchange Forward Contracts:** The premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing monetary item, is amortised as expense or income over the life of the contract. Any profit or losses arising on cancellation or renewal of such a forward exchange contract are recognised as an income or as an expense for the period.

## J. Hedge Accounting

In conformity with ICAI announcement on early application of Accounting Standard 30 on “Financial Instruments: Recognition and Measurement”, the Company has adopted AS 30 issued by ICAI so far as it relates to hedge accounting as the adoption does not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company Law and other regulatory requirements.

The Company has a comprehensive risk management system, based on which hedging instruments and hedged items are identified and designated in accordance with requirements AS 30. Hedges are classified as cash flow hedge when they meet the conditions specified in AS 30. The hedged item and the hedging instrument are assessed for its effectiveness as per the criteria specified in AS 30.

In respect of cash flow hedge, that is determined to be an effective hedge, the effective portion of the gain or loss on the hedging instrument is recognised directly in hedging reserve account and the ineffective portion of the gain or loss on the hedging instrument is recognised in the Statement of Profit and Loss. If the hedging instrument no longer meets the hedging criteria for hedge accounting, expires or sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in hedging reserve remains there until the forecasted transaction occurs. If the forecast transaction is no longer expected to occur, then the balance in hedging reserve is recognised immediately in Statement of Profit and Loss. In other cases, the amount recognised in the hedging reserve is transferred to Statement of Profit and Loss in the same period during which the hedged item affects the Statement of Profit and Loss.

## K. Derivative contracts

The Company enters into derivative contracts in the nature of foreign currency swaps, forward contracts, interest rate swaps etc. with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for foreign currency conversions/translations.

Derivative contracts designated as a hedging instrument for highly probable forecast transactions are accounted as per the policy stated for hedge accounting. All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised until realised as a matter of prudence.

## L. Provisions, Contingent Liabilities and Contingent Assets

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed in respect of possible obligations that may arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognised / disclosed. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

## M. Research and Development

Research costs are expensed as incurred and presented under the natural heads of expenditure.

Development cost including regulatory cost and legal expenses leading to Product Registration / Market Authorisation relating to the new and/or improved product and/or process development is recognised as an intangible asset to the extent it is expected, that such asset will generate future economic benefits, adequate technical, financial and other resources required to complete the development and to use or sell the asset are available and the expenditure attributable to the asset during its development can be measured reliably.

## N. Employee Benefits

### i) In respect of parent company including Indian subsidiaries:

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

b. **Post-employment benefits:** Post employment benefit plans are classified into defined contribution plans and defined benefits plans in line with the requirements of AS 15 on “Employee Benefits”.

#### a. Gratuity and Leave encashment

Gratuity and leave encashment which are defined benefits are recognised in the Statement of Profit and Loss based on actuarial valuation using projected unit credit method as at Balance Sheet date by an independent actuary. Actuarial gains and losses arising from the experience adjustment and change in actuarial assumption are immediately recognised in the Statement of Profit and Loss as income or expense. The gratuity liability for certain employees of some of the units of the Company is funded with Life Insurance Corporation of India.

**b. Superannuation**

Certain employees of the Company are also participants in the superannuation plan ('the Plan'), a defined contribution plan. Contribution made by the Company to the plan during the year is charged to Statement of Profit and Loss.

**c. Provident Fund**

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

For other employees of the Parent Company and certain other entities of the group make contribution to the statutory provident fund in accordance with the Employees Provident Fund and Miscellaneous Provisions Act, 1952 which is a defined contribution plan and contribution paid or Payable is recognised as an expense in the period in which the services are rendered.

**d. Other Long Term Employee Benefits:**

All employee benefits (other than post-employment benefits and termination benefits) which do not fall due within twelve months after the end of the period in which the employees render the related services are determined based on actuarial valuation using the Projected unit credit method carried out at each Balance Sheet date. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise. Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits.

**ii) In respect of Foreign Subsidiaries**

**a.** Short term employee benefit is recognised as expense on accrual basis at the undiscounted amount in the Statement of Profit and Loss.

**b.** Foreign subsidiaries make contribution to various social security plans and insurance schemes as per local requirements and generally accepted practices in their respective country of incorporation. Such contributions are charged to Statement of Profit and Loss on accrual basis in the year in which liability to pay arise.

**c.** Liability for long term employee benefit is determined by independent actuarial valuation at the end of each balance sheet date and actuarial gains/losses are recognised in the Statement of Profit and Loss in the year in which they arise.

## O. Borrowing Costs

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

## P. Revenue Recognition

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

Goods sold on consignment are recorded as inventory until goods are sold by the consignee to the end customer.

Revenue from time and material contracts is recognised as hours are incurred, multiplied by contractual billing rates. Revenue from unit-based contracts is recognised as units are completed. Revenue from fixed-price contracts are recorded on a proportional completion basis. Refundable fees are deferred and recognised as revenue in the period in which all contractual obligations are met and the contingency is resolved.

Sale of utility is recognised on delivery of the same to the consumers and collection is reasonably assured.

Revenue related to contract manufacturing arrangements and development contracts is recognised when performance obligations are substantially fulfilled.

Revenue from licensing & regulatory services is recognised when performance obligations are fulfilled.

In respect of outsourcing contracts for drug development with third party CRO's, revenue is recognised on the basis of actual cost incurred plus mark up as agreed with the customer under each agreement.

Revenue from rendering of healthcare services is recognised upon completion/performance of such services. Revenue from ongoing medical services on cutoff date is recognised on proportionate completion method.

Export incentives/ benefits are accounted for on accrual basis in the year in which exports are made and where recovery is reasonably assured.

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

Dividend income is recognised when the right to receive the income is established. Income from interest on deposits, loans and interest bearing securities is recognised on time proportionate method.

### Q. Premium on Foreign Currency Convertible Bonds (FCCBs)

Premium payable on redemption of Foreign currency convertible bonds (FCCBs) is charged against securities premium account over the tenure of FCCBs.

### R. Segment Reporting

The accounting policies adopted for segment reporting are in line with accounting policies of the Company. 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 & 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 Company. Revenues, expenses, assets and liabilities, which are common to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been treated as "Common Revenues/Expenses/ Assets/Liabilities", as the case may be.

### S. Earnings Per share

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

### T. Impairment of Fixed Assets

The Group assesses at each Balance Sheet date whether there is any indication that an asset/ cash generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset/ cash generating unit. If such recoverable amount of the asset or the recoverable amount of the cash generating unit is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss.

An assessment is also done at each Balance Sheet date whether there is any indication that an impairment loss recognised for an asset/ cash generating unit in prior accounting periods may no longer exist or may have decreased. If any such indication exists, the asset's/ cash generating unit's recoverable amount is estimated. The carrying amount of the fixed asset/ cash generating unit is increased to the revised estimate of its recoverable amount but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous periods. A reversal of impairment loss is recognised in the Statement of Profit and Loss.

### U. Employee Stock Option Schemes

Equity settled stock options granted are accounted for as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Guidelines, 1999, issued by Securities and Exchange Board of India and the Guidance Note on "Accounting for Employee Share-based Payments" issued by the Institute of Chartered Accountants of India. The intrinsic value of the option being excess of market value of the underlying share immediately prior to date of grant over its exercise price is recognised as deferred employee compensation with a credit to employee stock option outstanding account. The deferred employee compensation is charged to Statement of Profit and Loss on straight line basis over the vesting period of the option. The options that lapse are reversed by a credit to employee compensation expense, equal to the amortised portion of value of lapsed portion and credit to deferred employee compensation expense equal to the unamortised portion.

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| **2. SHARE CAPITAL** | | |
| **Authorised** | | |
| 655,000,000 equity shares of ₹ 1 each | 655.00 | 655.00 |
| (Previous Year 655,000,000 equity shares of ₹ 1 each) | | |
| | **655.00** | **655.00** |
| **Issued & Subscribed** | | |
| 159,313,139 equity shares of ₹ 1 each | 159.31 | 159.31 |
| (Previous Year 159,313,139 equity shares of ₹ 1 each) | | |
| | **159.31** | **159.31** |
| **Paid up** | | |
| 159,281,139 equity shares of ₹ 1 each | 159.28 | 159.28 |
| (Previous Year 159,281,139 equity shares of ₹ 1 each) | | |
| Add: equity shares forfeited (paid up) | 0.02 | 0.02 |
| | **159.30** | **159.30** |

**Notes :**

2.1 Paid up capital includes, 501,364, equity shares of ₹ 1 allotted and issued pursuant to the Scheme of Amalgamation and Demerger, to the shareholders of erstwhile Pace Marketing Specialities Limited for consideration other than cash during the year 2010-11.

2.2 The Company has only one class of shares referred to as equity shares having par value of ₹ 1. Each holder of equity shares is entitled to one vote per share.

2.3 The details of shareholders holding more than 5% shares is set out below:

| Name of the shareholder | As at 31st March, 2012 | | As at 31st March, 2011 | |
|---|---|---|---|---|
| | No of shares | % held | No of shares | % held |
| Jubilant Stock holding Pvt Ltd | 21,740,992 | 13.65% | 18,777,960 | 11.79% |
| Jubilant Capital Pvt Ltd | 21,007,665 | 13.19% | 21,007,665 | 13.19% |
| Jubilant Securities Pvt Ltd | 18,698,979 | 11.74% | 18,698,979 | 11.74% |
| GA Global Investments Ltd | 11,707,200 | 7.35% | 11,707,200 | 7.35% |

2.4 The reconciliation of the number of shares outstanding is set out below:

| Particulars | As at 31st March, 2012 | | As at 31st March, 2011 | |
|---|---|---|---|---|
| | No | ₹ in million | No | ₹ in million |
| Numbers of shares at the beginning | 159,281,139 | 159.28 | 158,779,775 | 158.78 |
| Add: Shares issued pursuant to scheme of amalgamation & demerger | - | - | 501,364 | 0.50 |
| **Numbers of shares at the end** | **159,281,139** | **159.28** | **159,281,139** | **159.28** |

2.5. a) 114,835, equity shares of ₹ 1 each allotted on exercise of the vested stock options in accordance with the terms of exercise under the "Jubilant Employees Stock Option Plan" (Refer Note 41).

b) Under the Jubilant Employees Stock Option 2005 Plan, as at 31st March,2012 - 164,562 options are outstanding convertible into 822,810 shares.

c) Under the Jubilant Employees Stock Option 2011 Plan, as at 31st March, 2012 - 860,580 options are outstanding convertible into 860,580 shares.

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

2.7 The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| **3. RESERVES AND SURPLUS** | | |
| **Capital Reserve** | | |
| As per last Balance Sheet | 80.10 | 22.82 |
| Add: On acquisition of stake of JV Partner | 15.43 | - |
| Add: Adjustments on account of scheme of amalgamation & demerger | - | 57.28 |
| | **95.53** | **80.10** |
| **Capital Redemption Reserve** | | |
| As per last Balance Sheet | 230.36 | 130.36 |
| Add: Transferred from surplus | 48.00 | 100.00 |
| | **278.36** | **230.36** |
| **Securities Premium Account** | | |
| As per last Balance Sheet | 6,170.33 | 7,324.50 |
| Less: Premium on redemption of FCCB's[(Net of Tax of ₹ 140.20 million -(PY ₹ 246.98 million)] | (291.92) | (492.47) |
| Less: Adjustments on account of scheme of amalgamation & demerger | - | (661.70) |
| | **5,878.41** | **6,170.33** |
| **Amalgamation Reserve** | | |
| As per last Balance Sheet | **13.21** | **13.21** |
| | | |
| **General Reserve** | | |
| As per last Balance Sheet | 5,549.24 | 5,250.34 |
| Add: Transferred from Surplus | - | 1,000.00 |
| Add/(less): Loss attributable to minority accounted earlier | 53.62 | (65.62) |
| Less: Adjustments on account of scheme of amalgamation & demerger | - | (635.48) |
| | **5,602.86** | **5,549.24** |
| **Legal Reserve** | | |
| As per last Balance Sheet | 2.84 | 2.84 |
| Add: Transferred from Surplus | 3.73 | - |
| Less: Utilized during the year | (0.17) | - |
| | **6.40** | **2.84** |
| **Foreign Currency Translation Reserve** | | |
| As per last Balance Sheet | 249.62 | (381.78) |
| Addition/(deduction) during the year | 2,056.36 | 631.40 |
| | **2,305.98** | **249.62** |
| **Hedging Reserve(Refer note 48(iv))** | | |
| Addition/(deduction) during the year | 151.50 | - |
| | **151.50** | **-** |
| **Surplus** | | |
| As per last Balance Sheet | 9,267.66 | 9,492.27 |
| Add: Net Profit after tax transferred from Statement of Profit and Loss | 145.61 | 2,297.19 |
| Less: Adjustments on account of scheme of amalgamation & demerger | - | (1,051.56) |
| Amount available for appropriation | **9,413.27** | **10,737.90** |
| Less Appropriation: | | |
| Proposed dividend on equity shares | 477.84 | 318.56 |
| Distribution tax on proposed equity dividend | 77.52 | 51.68 |
| Amount transferred to legal reserve | 3.73 | - |
| Amount transferred to general reserve | - | 1,000.00 |
| Amount transferred to capital redemption reserve | 48.00 | 100.00 |
| | **8,806.18** | **9,267.66** |
| | **23,138.43** | **21,563.36** |

For the year ended 31st March, 2012, dividend of 300 % (Previous year 200 %) i.e. ₹ 3 (Previous year ₹ 2) per fully paid up equity share has been recognised as distributions to equity shareholders.

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| **4. LONG TERM BORROWINGS** | | |
| **Term loans** | | |
| **From Banks** | | |
| - Indian rupee loan (secured) | 13,400.00 | 11,160.00 |
| - Indian rupee loan (unsecured) | - | 4,000.00 |
| - Foreign currency loan(secured) | 7,588.75 | 6,318.36 |
| - Foreign currency loan(unsecured) | 0.73 | 2.05 |
| **From other parties** | | |
| - Indian rupee loan(unsecured) | 3.76 | 4.06 |
| - Foreign currency loan(secured) | 7,376.88 | 6,869.64 |
| **Long-term maturities of finance lease obligation** | | |
| - Finance lease obligations(secured) | 29.05 | 11.05 |
| | **28,399.17** | **28,365.16** |
| **The above amount includes** | | |
| Secured borrowings | 28,394.68 | 24,359.05 |
| Unsecured borrowings | 4.49 | 4,006.11 |
| | **28,399.17** | **28,365.16** |

**4.1 Nature of security of long term borrowings and other terms of repayment**

4.1 Rupee Term Loans amounting to ₹ 13,400.00 million from Corporation Bank, Allahabad Bank, Axis Bank Limited, Central Bank of India and Indian Bank and External Commercial Borrowings amounting to ₹ 3,699.74 million from Citibank N.A., London and DBS Bank Limited, Singapore and Other Term Loan in Foreign Currency amounting to ₹ 2,543.75 million from Export Import Bank of India are secured by a first pari-passu charge amongst the lenders by way of: -

a. Mortgage of the immovable fixed assets both present and future situate at Bhartiagram, District Jyotiba Phoolay Nagar, Uttar Pradesh and immovable fixed assets situate at Village Samlaya, Taluka Savli, District Vadodara, Gujarat, and

b. Hypothecation on the entire movable fixed assets, both present and future of the company.

4.2 Rupee Term Loans amounting to ₹ 2,700.00 million and ₹ 1000.00 million from Corporation Bank is repayable in two equal yearly installments commencing from February, 2015 and March, 2015 respectively.

4.3 Rupee Term Loans amounting to ₹ 2,700.00 million from Allahabad Bank is repayable in two equal yearly installments commencing from December, 2014.

4.4 Rupee Term Loan amounting to ₹ 3,000.00 million from Axis Bank Limited is repayable in four equal half yearly installments commencing from September, 2014.

4.5 Rupee Term Loan amounting to ₹ 2,400.00 million from Central Bank of India is repayable in three yearly installments commencing from March, 2014.

4.6 Rupee Term Loan amounting to ₹ 1,600.00 million from Indian Bank is repayable in four yearly installments commencing from March, 2014.

4.7 External Commercial Borrowing amounting to ₹ 1,155.99 million from Citibank N.A., London is repayable in eight half yearly installments from April,2012.

4.8 External Commercial Borrowing amounting to ₹ 2,543.75 million from DBS Bank Limited, Singapore is repayable in four yearly installments commencing from December, 2014.

4.9 Other Term Loan in Foreign Currency amounting to ₹ 2,543.75 million from Export Import Bank of India is repayable in four yearly installments starting from May, 2013.

4.10 Other Term Loan in Foreign Currency amounting to ₹ 4,833.13 million from Housing Development Finance Corporation Limited is secured by First Mortgage by way of deposit of original title deeds of specified land and buildings situated at Noida, Greater Noida, Nanjangud, Nira, Roorkee, Ambernath and also at Bharuch owned by one of the subsidiaries of the Company. Land mortgaged at Chittorgarh demerged into a group company consequent upon the Scheme of demerger is under process of release. The loan is repayable in single installment in July, 2014.

4.11 Term loan of USD 18.75 million (₹ 953.97 million) as on 31st March, 2012 (Previous Year USD 19.52 million (₹ 870.70 million)) under construction loan facility which is repayable in 40 monthly installments from April,2012 to Jubilant HollistierStier LLC from Bank of America N.A. are secured by way of :

i) Security interest in the receivable inventory, equipments and fixtures, deposit accounts and all general intangibles, including patents, trademarks, computer software etc., books and records pertain to the collateral more particularly described in the security interest agreement dated 31st May, 2007.

ii) Deed of Trust dated 31st May, 2007 irrevocable & unconditional security interest in the parcel or parcels of real property located in Spokane County, State of Washington, USA.

4.12 Term loan of USD 6.25 million as on 31st March, 2012 (Previous Year USD 18.75 million) to HSL Holdings Inc from ICICI Bank UK PLC as the arranger and the agent is secured by way of irrevocable and unconditional corporate guarantee from the ultimate parent company and Jubilant Pharma Pte Limited, Singapore (WOS of Jubilant Life Sciences Limited) guaranteeing all outstanding obligations of the borrower under the facility. The outstanding loan is repayable in July,2012. (Total guaranteed amount as on 31st March, 2012 is ₹ 317.97 million (Previous Year ₹ 836.16 million)).

4.13 Term loans of USD 15.05 million (₹ 765.42 million) as on 31st March, 2012 (Previous Year USD 31.12 million (₹ 1,387.83 million) under Facility A to Jubilant HollisterStier Inc. (Formerly Draxis Pharma Inc.) from ICICI Bank, Canada as the arranger and the agent is secured by way of:

i) Irrevocable and unconditional corporate guarantee from Jubilant HollisterStier Inc. (Formerly Draxis Pharma Inc.) and its subsidiaries.

ii) Pledge over all the fully paid up equity shares of:

a) Jubilant HollisterStier Inc. (Formerly Draxis Pharma Inc.) and its subsidiaries.

b) Draximage Limited, Cyprus

iii) First and exclusive charge over the fixed assets and current assets of Jubilant HollisterStier Inc. (Formerly Draxis Pharma Inc.) and its subsidiaries.

Facility A is repayable in five quarterly installments from May, 2012.

4.14 Term loans of USD 15.05 million (₹ 765.42 million) as on 31st March, 2012 and USD 37.66 million (₹ 1,916.12 million) as on 31st March, 2012 under Facility A and Facility C to Jubilant HollisterStier Inc. (Formerly Draxis Pharma Inc.) from ICICI Bank Canada as the arranger and the agent is secured by way of:

i) Pledge over the entire fully paid up equity shares, present and future, of :

a) Jubilant HollisterStier Inc. (Formerly Draxis Pharma Inc.)

b) Draximage Limited, Cyprus

ii) First and exclusive charge over the assets of Jubilant HollisterStier Inc. (Formerly Draxis Pharma Inc.)

Facility A is repayable in five quarterly installments from May, 2012.

Facility C is repayable in nine quarterly installments from May, 2012.

4.15 Term loan of USD 37.66 million (₹ 1,916.12 million) as on 31st March, 2012 under Facility C to Jubilant HollisterStier Inc. (Formerly Draxis Pharma Inc.) from ICICI Bank Canada as the arranger and the agent is secured by way of irrevocable and unconditional corporate guarantee from ultimate parent company guaranteeing all outstanding obligations of the borrower under the facility. Total guaranteed amount as 31st March, 2012 is ₹ 1,916.12 million. The loan is repayable in nine quarterly installments from May, 2012.

4.16 Term loan of CAD 40 million (₹ 2,041.60 million) as on 31st March, 2012 (Previous Year CAD 40 million (₹ 1,839.60 million)) under Facility B to Jubilant DraxImage Inc. from ICICI Bank, Canada as the arranger and the agent is secured by way of:

i) Irrevocable and unconditional corporate guarantee from Jubilant Draximage Inc. and its subsidiaries.

ii) Pledge over the entire fully paid up equity shares, present and future, of:

a) Jubilant Draximage Inc. and its subsidiaries.

b) Draximage Limited, Cyprus

iii) First and exclusive charge over the fixed assets and current assets of Jubilant Draximage Inc. and its subsidiaries.

Facility B is repayable in five equal quarterly installments from August, 2013.

4.17 Unsecured Term Loan of Euro 0.03 million (₹ 2.20 million) as on 31st March, 2012 (Previous Year Euro 0.05 million (₹ 3.42 million)) to PSI Supply NV from

KBC Bank is repayable in eighteen equal monthly installments from April, 2012.

4.18 Unsecured Term Loan of ₹ 4.36 million as on 31st March, 2012 to Jubilant First Trust Healthcare Limited is repayable in six yearly installments from March, 2013.

4.19 Finance Lease obligations are secured by hypothecation of specific assets taken on such lease. The same are repayable as per the terms of agreement.

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| **5. DEFERRED TAX LIABILITIES(NET)** | | |
| Deferred tax liabilities | 2,240.32 | 2,107.01 |
| Deferred tax assets | 102.84 | 395.02 |
| Deferred tax liabilities(Net) | **2,137.48** | **1,711.99** |
| (Refer Note 45) | | |

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| **6. OTHER LONG TERM LIABILITIES** | | |
| Other liabilities | 7.63 | 6.69 |
| | **7.63** | **6.69** |

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| **7. LONG TERM PROVISIONS** | | |
| Employee benefits | 432.87 | 366.06 |
| Mark-to market losses on derivative contracts(Refer note 48(iii)) | 1,264.09 | 32.62 |
| | **1,696.96** | **398.68** |

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| **8. SHORT TERM BORROWINGS** | | |
| Loan repayable on demand | | |
| From Banks | | |
| - Cash credit/working capital demand loans(secured) | 3,997.78 | 2,493.33 |
| - Cash credit/working capital demand loans(unsecured) | 2,572.89 | - |
| Other working capital loans from banks(secured) | 500.00 | - |
| Zero coupon foreign currency convertible bonds -FCCB 2011(unsecured)(Refer Note 35) | - | 6,336.95 |
| Commercial papers(unsecured) | 600.00 | - |
| | **7,670.67** | **8,830.28** |
| **The above amount includes** | | |
| Secured borrowings | 4,497.78 | 2,493.33 |
| Unsecured borrowings | 3,172.89 | 6,336.95 |
| | **7,670.67** | **8,830.28** |

8.1 **Nature of security of short term borrowings and other terms of repayment**

8.1 Working Capital Facilities sanctioned by Consortium of Banks and notified Financial Institutions comprising of ICICI Bank Limited, Corporation Bank, Punjab National Bank, State Bank of India, The Hongkong and Shanghai Banking Corporation Limited, ING Vysya Bank Limited, Central Bank of India, Yes Bank Limited and Export Import Bank of India, are secured by a first charge by way of hypothecation, ranking pari passu inter-se Banks, of the entire book debts and receivables and inventories both present and future, of the Company wherever the same may be or be held. The working capital sanctioned limits also include Commercial Paper Programme of ₹ 3,000 million as sublimit carved out from the funded limits, against which the balance outstanding as at 31st March, 2012 ₹ 600.00 million. Maximum balance of Commercial Paper outstanding during the year at any time was ₹ 1,150 million.

8.2 Revolving Credit facility of USD Nil (₹ Nil) as on 31st March, 2012 (Previous Year USD 4.85 million (₹

216.43 million)) from State Bank of India, New York Branch to Jubilant Cadista Pharmaceuticals Inc is secured by way of:

i.) Charge over it's present and future inventories and receivables, contract rights and rights to payments.

ii.) Pledge of all the present and future stock held by Generic Pharmaceuticals Holdings Inc. in Jubilant Cadista Pharmaceuticals Inc .

8.3 Line of Credit of USD 46.74 million (₹ 2,378.15 million) as on 31st March, 2012 (Previous Year USD 19.73 million (₹ 879.95 million)) to Jubilant HollistierStier LLC from Bank of America N.A. are secured by way of :

i) Security interest in the receivable inventory, equipments and fixtures, deposit accounts and all general intangibles, including patents, trademarks, computer software etc., books and records pertain to the collateral more particularly described in the security interest agreement dated 31st May, 2007.

ii) Deed of Trust dated 31st May, 2007 irrevocable & unconditional security interest in the parcel or parcels of real property located in Spokane County, State of Washington, USA.

8.4 Revolving Credit Facility of CAD 6.00 million (₹ 306.17 million) as on 31st March, 2012 (Previous Year USD 4.00 million (₹ 183.90 million)) under Facility D1 to Jubilant HollisterStier Inc. (Formerly Draxis Pharma Inc.) from ICICI Bank, Canada as the arranger and the agent is secured by way of:

i) Irrevocable and unconditional corporate guarantee from Jubilant HollisterStier Inc. (Formerly Draxis Pharma Inc.) and its subsidiaries.

ii) Pledge over all the fully paid up equity shares of Jubilant HollisterStier Inc. (Formerly Draxis Pharma Inc.) and its subsidiaries.

iii) First and exclusive charge over the fixed assets and current assets of Jubilant HollisterStier Inc. (Formerly Draxis Pharma Inc.) and its subsidiaries.

8.5 Revolving Credit Facility of CAD 6.00 million (₹ 306.17 million) as on 31st March, 2012 under Facility D1 to Jubilant HollisterStier Inc. (Formerly Draxis Pharma Inc.) from ICICI Bank Canada as the arranger and the agent is secured by way of:

i) Pledge over the entire fully paid up equity shares (present and future of Jubilant HollisterStier Inc.) (Formerly Draxis Pharma Inc.)

ii) First and exclusive charge over the assets of Jubilant HollisterStier Inc. (Formerly Draxis Pharma Inc.)

8.6 Revolving Credit Facility of CAD 4.00 million (₹ 204.03 million) as on 31st March, 2012 (Previous Year CAD 3 million (₹ 137.86 million)) under Facility D to Jubilant DraxImage Inc. from ICICI Bank, Canada as the arranger and the agent is secured by way of:

i) Irrevocable and unconditional corporate guarantee from Jubilant DraxImage Inc. and its subsidiaries.

ii) Pledge over all the fully paid up equity shares of Jubilant DraxImage Inc.and its subsidiaries.

iii) First and exclusive charge over the fixed assets and current assets of Jubilant DraxImage Inc. and its subsidiaries.

8.7 Revolving Credit Facility of CAD 4.00 million (₹ 204.03 million) (Previous Year CAD 3.00 million (₹ 137.86 million)) being Facility D to Jubilant DraxImage Inc. from ICICI Bank Canada as the arranger and the agent is secured by way of:

i) Pledge over the entire fully paid up equity shares (present and future) of Jubilant DraxImage Inc.

ii) First and exclusive charge over the assets of Jubilant DraxImage Inc.

8.8 Working capital facilities granted to Jubilant Chemsys Limited by ING Vysya Bank are secured by way of First Charge by way of hypothecation of entire current assets (receivables & inventory) of Jubilant Chemsys Limited.

8.9 Working capital facilities granted to Jubilant Clinsys Limited by ING Vysya Bank are secured by way of First Charge by way of hypothecation of entire current assets (receivables & inventory) of Jubilant Clinsys Limited.

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| **9. TRADE PAYABLES** | | |
| Trade payables-due to micro, small and medium enterprises under MSMED Act,2006 | 15.79 | 29.49 |
| Trade payables-others | 4,399.04 | 3,007.44 |
| Acceptances | 3,955.00 | 2,137.34 |
| | **8,369.83** | **5,174.27** |

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| **10. OTHER CURRENT LIABILITIES** | | |
| Current maturities of long term debt | 2,108.13 | 2,060.81 |
| Current maturities of finance lease obligation | 11.07 | 2.17 |
| Trade deposits & advances | 157.17 | 97.07 |
| Interest accrued but not due on borrowings | 191.35 | 114.63 |
| Income received in advance/unearned revenue | 570.26 | 475.14 |
| Unpaid matured deposits and interest accrued thereon | 0.94 | 1.16 |
| Unpaid dividends | 14.43 | 12.27 |
| Creditors for capital supplies & services | 555.64 | 536.44 |
| Other payables | 1,386.54 | 1,359.68 |
| | **4,995.53** | **4,659.37** |

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| **11. SHORT-TERM PROVISIONS** | | |
| Employee benefits | 241.51 | 201.31 |
| Dividends on equity shares (Including dividend distribution tax) | 555.36 | 370.24 |
| Income tax & wealth tax | 103.22 | 740.24 |
| Mark-to market losses on derivative contracts | 2.00 | 50.68 |
| Premium on redemption of FCCB's | - | 2,605.06 |
| Provision for excise duty (Refer Note 46) | 100.13 | 33.49 |
| Other provisions (Refer Note 46) | 89.61 | 31.74 |
| | **1,091.83** | **4,032.76** |

## 12. TANGIBLE ASSETS

(₹ in million)

| Description | GROSS BLOCK - COST / BOOK VALUE | | | | | | | | DEPRECIATION / AMORTISATION / IMPAIRMENT | | | | | | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total as at 31st March 2011 | Additions / consequent of acquisition | Additions/ adjustments on account of merger | Deduction/ adjustments on account of demerger | Additions / adjustments during the year | Deductions/ adjustments during the year | Currency translation adjustment | Total as at 31st March 2012 | Total as at 31st March 2011 | Additions / consequent of acquisition | Additions / adjustments on account of merger | Deduction/ adjustments on account of demerger | Provided during the year(4) | Deductions/ adjustments during the year | Impairment | Currency translation adjustment | Total as at 31st March 2012 | As at 31st March 2012 | As at 31st March 2011 |
| **Tangible Assets:** | | | | | | | | | | | | | | | | | | | |
| Land | | | | | | | | | | | | | | | | | | | |
| (a) Freehold | 781.56 | - | - | - | 0.36 | - | 20.75 | 802.67 | - | - | - | - | - | - | - | - | - | 802.67 | 781.56 |
| (b) Leasehold | 757.52 | - | - | - | - | - | - | 757.52 | - | - | - | - | 86.42 (5) | - | - | - | 86.42 | 671.10 | 757.52 |
| Buildings | | | | | | | | | | | | | | | | | | | |
| (a) Factory | 4,019.27 | - | - | - | 499.31 | - | 371.10 | 4,889.68 | 833.72 | - | - | - | 139.07 | - | - | 90.90 | 1,063.69 | 3,825.99 | 3,185.55 |
| (b) Others (1) | 896.48 | - | - | - | 245.18 | - | - | 1,141.66 | 130.67 | - | - | - | 17.54 | - | - | - | 148.21 | 993.45 | 765.81 |
| Plant & Equipment | 24,941.56 | - | - | - | 4,572.34 | 26.19 | 777.62 | 30,265.33 | 8,459.42 | - | - | - | 1,495.22 | 9.98 | - | 323.98 | 10,268.64 | 19,996.69 | 16,482.14 |
| Furniture & Fixtures | 1,153.30 | 0.11 | - | - | 45.72 | 6.07 | 56.96 | 1,250.02 | 493.33 | 0.01 | - | - | 80.37 | 3.30 | - | 32.09 | 602.50 | 647.52 | 659.97 |
| Vehicles | 62.88 | - | - | - | 14.34 | 1.34 | 0.22 | 76.10 | 47.29 | - | - | - | 9.30 | 0.90 | - | 0.20 | 55.89 | 20.21 | 15.59 |
| Vehicles-Leased | 13.22 | - | - | - | 34.59 | 0.34 | - | 47.47 | 0.12 | - | - | - | 9.79 | 0.09 | - | - | 9.82 | 37.65 | 13.10 |
| Office Equipments | 876.39 | 2.53 | - | - | 122.98 | 10.58 | 58.65 | 1,049.97 | 609.06 | 1.61 | - | - | 98.23 | 7.52 | - | 52.02 | 753.40 | 296.57 | 267.33 |
| Railway Sidings | 159.38 | - | - | - | - | - | - | 159.38 | 14.45 | - | - | - | 8.47 | - | - | - | 22.92 | 136.46 | 144.93 |
| TOTAL | **33,661.56** | **2.64** | **-** | **-** | **5,534.82** | **44.52** | **1,285.30** | **40,439.80** | **10,588.06** | **1.62** | **-** | **-** | **1,944.41** | **21.79** | **-** | **499.19** | **13,011.49** | **27,428.31** | **23,073.50** |
| Previous Year | 31,038.79 | - | 398.45 | 1,455.99 | 3,603.25 | 54.76 | 131.82 | 33,661.56 | 9,436.85 | - | 23.07 | 495.78 | 1,603.44 | 29.17 | - | 49.65 | 10,588.06 | | |
| Capital Work in Progress (CWIP) | | | | | | | | | | | | | | | | | | 3,730.76 | 4,179.74 |
| | | | | | | | | | | | | | | | | | | **31,159.07** | **27,253.24** |

**Notes :**

(1) Building includes ₹ 500 being cost of share in Co-operative Housing Society.

(2) Title Deeds pertaining to land at Gajraula purchased during the year 2007-08, measuring 2.80 acres are yet to be registered in the name of Company.

(3) Buildings and Plant & Machinery includes Capitalised value of Leased Assets amounting to ₹ 17.66 million located at West Bengal.

(4) Depreciation provided during the year includes ₹ 55.53 million recoverable under specific contracts/capitalised as preoperative expenses.

(5) Refer Note 39 on amortisation of leasehold land.

## 13. INTANGIBLE ASSETS

(₹ in million)

| | GROSS BLOCK - COST / BOOK VALUE | | | | | | | DEPRECIATION / AMORTISATION / IMPAIRMENT | | | | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Description | Total as at 31st March 2011 | Additions / consequent of acquisition | Additions/ adjustments on account of merger | Additions / adjustments during the year | Deductions/ adjustments during the year | Currency translation adjustment | Total as at 31st March 2012 | Total as at 31st March 2011 | Additions / consequent of acquisition | Provided during the year | Deductions/ adjustments during the year | Impairment | Currency translation adjustment | Total as at 31st March 2012 | As at 31st March 2012 | As at 31st March 2011 |
| **Intangible assets:** | | | | | | | | | | | | | | | | |
| Goodwill | 15,837.86 | - | - | - | 23.68 | 1,883.16 | 17,697.34 | - | - | - | - | 1,505.75 (1) | 186.06 | 1,691.81 | 16,005.53 | 15,837.86 |
| Intangibles | | | | | | | | | | | | | | | | |
| a) Internally generated | | | | | | | | | | | | | | | | |
| - Product registration/ market authorisation | 908.95 | - | - | 315.85 | - | 29.14 | 1,253.94 | 429.22 | - | 120.51 | - | - | 10.64 | 560.37 | 693.57 | 479.73 |
| b) Acquired Patents | 293.48 | - | - | - | - | 29.77 | 323.25 | 116.62 | - | 60.16 | - | - | 14.21 | 190.99 | 132.26 | 176.86 |
| c) Other | | | | | | | | | | | | | | | | |
| - Rights | 111.53 | - | - | 70.79 | - | 2.10 | 184.42 | 62.46 | - | 9.72 | - | - | 1.46 | 73.64 | 110.78 | 49.07 |
| - Software | 819.40 | 1.05 | - | 53.48 | - | 68.23 | 942.16 | 525.89 | 0.40 | 127.24 | - | - | 57.33 | 710.86 | 231.30 | 293.51 |
| **TOTAL** | **17,971.22** | **1.05** | **-** | **440.12** | **23.68** | **2,012.40** | **20,401.11** | **1,134.19** | **0.40** | **317.63** | **-** | **1,505.75** | **269.70** | **3,227.67** | **17,173.44** | **16,837.03** |
| Previous Year | 17,413.85 | - | (145.09) | 343.80 | 14.74 | 373.40 | 17,971.22 | 826.92 | - | 298.50 | 7.31 | - | 16.08 | 1,134.19 | | |
| Intangible assets under development(including R&D expenditure in the nature of intangibles)[CWIP] | | | | | | | | | | | | | | | 3,124.72 | 2,487.37 |
| | | | | | | | | | | | | | | | **20,298.16** | **19,324.40** |

**Notes :**

(1) Refer Note 44(a) on impairment of assets.

(₹ in million)

| As at 31st March, | | | 2012 | | 2011 | |
|---|---|---|---|---|---|---|
| **14. NON-CURRENT INVESTMENTS (At cost)** | | | | | | |
| **Number** | **Face value per unit** | **All unquoted unless otherwise specified** | | | | |
| | | **Non Trade Investments** | | | | |
| | | **Investment in equity instruments(fully paid up equity shares)** | | | | |
| 4,550,000 (4,550,000) | ₹ 10 | Forum I Aviation Ltd. | | 45.50 | | 45.50 |
| 50,000 (50,000) | ₹ 10 | Jubilant Industries Ltd(quoted) | | 0.41 | | 0.41 |
| 510,771 (510,771) | USD 0.01 | Safe Foods Corporation USA- Common Stock | 254.37 | | | |
| | | Less: Provision for diminution in value | (143.80) | | | |
| | | | | 110.57 | | 222.97 |
| | | **Investment in preference shares** | | | | |
| 166,667 (166,667) | USD 0.001 | Putney Inc. (USA) - Convertible Preferred Stock | 50.87 | | | |
| | | Less: Provision for diminution in value | (23.40) | | | |
| | | | | 27.47 | | 44.58 |
| | | **Investment in Debentures/Bonds** | | | | |
| | | Muroplex Therapeutics , Inc. - Convertible Note & Warrants | 13.66 | | 11.97 | |
| | | Less: Provision for diminution in value | (13.66) | | (11.97) | |
| | | | | - | | - |
| | | **Other investments** | | | | |
| | | Putney Inc. (USA) - Subordinated Convertible Promissory Notes (Including Interest Accrued) | | 8.05 | | 4.02 |
| | | Healthcare Ventures IX.LLP-Investment | 19.08 | | | |
| | | Less: Provision for diminution in value | (19.08) | | | |
| | | | | - | | 10.04 |
| | | | | | | |
| | | **Total non-current investments** | | **192.00** | | **327.52** |
| | | | | | | |
| | | **Aggregate amount of quoted investments:** | | | | |
| | | **- Cost** | | 0.41 | | 0.41 |
| | | **- Market Value** | | 14.95 | | 8.51 |
| | | **Aggregate amount of unquoted investments** | | 391.53 | | 339.08 |
| | | **Aggregate provision for diminution in value of investments** | | 199.94 | | 11.97 |

**Notes :**

(1) Figure in () are in represent of previous year.

(2) Refer Note 44 for diminution in value of investment.

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| **15. LONG TERM LOANS AND ADVANCES** | | |
| Capital advances(unsecured, considered good) | 134.07 | 124.26 |
| Security deposits(unsecured, considered good) | 130.59 | 130.28 |
| Advance recoverable in cash & kind(unsecured, considered good) | | |
| - From related parties(Refer Note 50) | 25.00 | 25.00 |
| - Others | 67.64 | 61.24 |
| Other loans & advances(unsecured considered good) | 0.72 | 0.62 |
| MAT credit entitlement | 2,184.89 | 2,144.55 |
| | **2,542.91** | **2,485.95** |

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| **16. OTHER NON-CURRENT ASSETS** | | |
| Foreign currency monetary item translation difference account | 720.11 | - |
| (Refer Note 47) | | |
| Non-Current bank balances | | |
| - Deposits with original maturity of more than 12 months | 1.78 | 2.95 |
| - Margin money deposit | 2.42 | 2.59 |
| Other long-term receivables(unsecured considered good) | 1.82 | 5.84 |
| | **726.13** | **11.38** |

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| **17. INVENTORIES** | | |
| Raw materials | 4,317.81 | 3,173.30 |
| (includes in transit ₹ 229.30 million(PY ₹ 182.61 million)) | | |
| Work-in-progress | 1,828.19 | 1,047.48 |
| Finished goods | 2,991.95 | 1,870.04 |
| Traded goods | 200.20 | 66.82 |
| Stores and spares | 447.40 | 360.12 |
| Others- process chemicals, fuels & packing material etc. | 416.67 | 395.02 |
| | **10,202.22** | **6,912.78** |

(Refer Note 1 (F) on valuation of inventory )

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| **18. TRADE RECEIVABLES** | | |
| **Outstanding for period exceeding six months from the date they are due for payment** | | |
| Unsecured,considered good | 162.75 | 96.54 |
| Doubtful | 77.05 | 49.15 |
| | 239.80 | 145.69 |
| Provision for doubtful receivables | 77.05 | 49.15 |
| **(A)** | 162.75 | 96.54 |
| **Other receivables** | | |
| Secured,considered good | 216.65 | 292.95 |
| Unsecured,considered good | 6,147.46 | 4,814.98 |
| Doubtful | 0.48 | 5.88 |
| | 6,364.59 | 5,113.81 |
| Provision for doubtful receivables | 0.48 | 5.88 |
| **(B)** | 6,364.11 | 5,107.93 |
| **Total (A+B)** [1] | **6,526.86** | **5,204.47** |

(1) - Net [Refer Note 33 (C) (ii)]

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| **19. CASH AND BANK BALANCES** | | |
| **Cash and cash equivalents** | | |
| **Balances with banks:** | | |
| - On current accounts | 773.73 | 4,277.13 |
| - On dividend account | 14.43 | 12.27 |
| - Deposits with original maturity upto three months | 1,773.72[1] | 5,954.86 |
| **Cash on hand** | 2.59 | 1.70 |
| **Cheques/Drafts on hand** | 17.69 | 153.75 |
| **Others** | | |
| - Funds in transit | 47.85 | 10.59 |
| - Imprest & gift/meal vouchers | 0.79 | 1.25 |
| | **2,630.80** | **10,411.55** |
| **Other bank balances:** | | |
| - Deposits with original maturity of more than three months upto twelve months | 20.35 | 25.42 |
| - As margin money | 20.71 | 14.43 |
| | **2,671.86** | **10,451.40** |

(1) ₹ 1,768.63 million to be utilised for capital expenditure only.

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| **20. SHORT TERM LOANS AND ADVANCES** | | |
| Loans to related parties (unsecured, considered good) {Refer Note 50} | 453.89 | 269.90 |
| Deposits (unsecured, considered good) | 21.21 | 11.34 |
| Deposits/balances with excise / sales tax authorities | 1,082.03 | 1,066.09 |
| Advance payment of income tax/wealth tax (including TDS) | 674.97 | 777.43 |
| Advance recoverable in cash & kind (unsecured, considered good) | | |
| - From related parties (Refer Note 34 & 50 ) | 36.67 | 5.63 |
| - Others-claims recoverable etc. | 1,059.13 | 858.02 |
| Other short term loans and advances | 252.04 | 44.62 |
| | **3,579.94** | **3,033.03** |

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| **21. OTHER CURRENT ASSETS** | | |
| Foreign currency monetary item translation difference account | 7.31 | - |
| Other current assets | 449.89 | 315.80 |
| | **457.20** | **315.80** |

(₹ in million)

| For the year ended 31st March, | 2012 | 2011 |
|---|---|---|
| **22. REVENUE FROM OPERATIONS** | | |
| Sales of products | 34,612.19 | 28,268.81 |
| Sales of services | 8,848.32 | 6,715.95 |
| Other operating revenue | 491.78 | 239.55 |
| **Revenue from operations(gross)** | 43,952.29 | 35,224.31 |
| Less: excise duty | (921.03) | (768.08) |
| **Revenue from operations(net)** | **43,031.26** | **34,456.23** |

(Refer Note 37)

(₹ in million)

| For the year ended 31st March, | 2012 | 2011 |
|---|---|---|
| **23. OTHER INCOME** | | |
| Income from current investments (Non-Trade) - Dividend | 13.44 | 10.65 |
| Other non-operating income | 182.75 | 94.23 |
| | **196.19** | **104.88** |

(₹ in million)

| For the year ended 31st March, | 2012 | 2011 |
|---|---|---|
| **24. COST OF MATERIAL CONSUMED** | | |
| Raw & process materials consumed | 15,042.80 | 11,283.22 |
| | **15,042.80** | **11,283.22** |

(₹ in million)

| For the year ended 31st March, | 2012 | 2011 |
|---|---|---|
| **25. PURCHASE OF TRADED GOODS** | | |
| Purchase of traded goods | 3,232.68 | 2,504.56 |
| | **3,232.68** | **2,504.56** |

(₹ in million)

| For the year ended 31st March, | 2012 | 2011 |
|---|---|---|
| **26. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS** | | |
| (Increase)/Decrease in inventories of finished goods, work-in-progress and traded goods | **(2,000.93)** | **(387.93)** |

(₹ in million)

| For the year ended 31st March, | 2012 | 2011 |
|---|---|---|
| **27. OTHER MANUFACTURING EXPENSES** | | |
| Power and fuel | 2,691.76 | 2,240.40 |
| Stores, spares, chemicals & packing materials consumed | 2,297.13 | 2,119.27 |
| Processing charges | 221.22 | 180.13 |
| Repairs to plant & machinery | 664.44 | 427.35 |
| Repairs to building | 94.94 | 89.32 |
| Excise duty | 73.52 | (3.09) |
| | **6,043.01** | **5,053.38** |

(Refer Note 38 )

(₹ in million)

| For the year ended 31st March, | 2012 | 2011 |
|---|---|---|
| **28. EMPLOYEE BENEFITS EXPENSES** | | |
| Salaries, wages, bonus, gratuity & allowances | 7,112.63 | 6,066.08 |
| Contribution to provident & superannuation fund | 605.94 | 562.16 |
| Staff welfare expenses | 645.07 | 557.18 |
| | **8,363.64** | **7,185.42** |

(₹ in million)

| For the year ended 31st March, | 2012 | 2011 |
|---|---|---|
| **29. FINANCE COST** | | |
| Interest expense | 2,214.74 | 1,080.84 |
| Other borrowings cost | 43.15 | 40.76 |
| | 2,257.89 | 1,121.60 |
| Less: Interest income | (161.95) | (63.76) |
| | **2,095.94** | **1,057.84** |

(Refer Note 43)

(₹ in million)

| For the year ended 31st March, | 2012 | 2011 |
|---|---|---|
| **30. OTHER EXPENSES** | | |
| Rent | 292.61 | 229.93 |
| Rates & taxes | 292.99 | 227.80 |
| Insurance | 121.38 | 115.02 |
| Advertisement, publicity & sales promotion | 119.23 | 140.17 |
| Traveling & other incidental expenses | 375.35 | 371.64 |
| Repairs & Maintenance-Others | 287.95 | 287.58 |
| Vehicle running & maintenance | 37.52 | 30.51 |
| Printing & stationery | 61.61 | 52.66 |
| Communication expenses | 136.10 | 130.43 |
| Staff recruitment & training | 102.60 | 128.70 |
| Donation (Refer Note 40(a)) | 39.53 | 30.13 |
| Auditors Remuneration - As Auditors | 2.90 | 2.81 |
| - For taxation matters | 1.44 | 0.55 |
| - For other services | 4.77 | 1.24 |
| - Out of pocket expenses | 0.40 | 0.35 |
| Legal , professional & consultancy charges | 366.25 | 368.94 |
| Freight & forwarding (including ocean freight) | 566.37 | 450.48 |
| Directors' sitting fees | 1.69 | 0.71 |
| Directors' commission | 2.50 | 38.81 |
| Miscellaneous expenses | 94.07 | 81.85 |
| Bank Charges | 124.39 | 78.27 |
| Foreign exchange fluctuation loss/(gain)-(Net) | 97.43 | 152.21 |
| Discounts & claims to customers and other selling expenses | 332.66 | 259.23 |
| Commission on sales | 100.21 | 59.29 |
| Loss/(Gain) on sale/disposal of fixed assets/intangibles | 11.38 | - |
| Loss/(Gain) on sale of raw materials | 0.41 | (3.80) |
| Bad Debts / Irrecoverable advances written off (Net) | 42.19 | 7.93 |
| | **3,615.93** | **3,243.44** |

(₹ in million)

| For the year ended 31st March, | 2012 | 2011 |
|---|---|---|
| **31. EXCEPTIONAL ITEMS** | | |
| Amortisation of foreign currency monetary item translation difference account (FCMITDA) | 405.05 | 127.92 |
| Mark to market in respect of currency & interest rate swap contracts and forward covers outstanding (Refer Note 48(iii)) | 1,212.34 | 49.01 |
| Provision for diminution in value of investment (Refer Note 44(b)) | 166.29 | 12.23 |
| Provision for impairment of goodwill (Refer Note 44(a)) | 1,505.75 | - |
| Write off intangibles(Refer Note 44(c )) | 197.37 | 127.74 |
| Restructuring expenses | - | 97.35 |
| | **3,486.80** | **414.25** |

## 32. Commitments

**a) Capital Commitments:**

Estimated amount of contracts remaining to be executed on capital account (Net of Advances) ₹ 1,000.20 million (Previous year ₹ 1,299.20 million) [Advances ₹ 134.07 million (Previous year ₹ 124.26 million)]

**b) Other Commitment**

**i)** Exports obligation undertaken by the Company under EPCG scheme to be completed over a period of five/eight years on account of import of Capital Goods at concessional import duty and remaining outstanding is ₹ 189.78 million (Previous year ₹ 564.34 million). Similarly export obligation under Advance License Scheme/DFIA scheme on duty free import of specific raw materials, remaining outstanding is ₹ 3,539.28 million (Previous year ₹ 2,363.44 million).

**ii)** For lease commitment refer Note 42

## 33. Contingent liabilities to the extent not provided for:

**A. Claims against Company not acknowledged as debt:**

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| Central Excise | 397.97 | 50.85 |
| Customs | 12.59 | 14.14 |
| Sales Tax | 45.54 | 18.36 |
| Income Tax | 434.44 | 214.83 |
| Service Tax | 114.49 | 34.13 |
| Others | 91.97 | 178.91 |

Excluding demands in respect of business transferred in earlier year to Jubilant Industries Limited in terms of the scheme of demerger though the demands may be continuing in the name of Jubilant Life Sciences Limited.

**B. Guarantees:**

i. The Parent Company has given Corporate Guarantee on behalf of its subsidiaries, HSL Holdings Inc. & Jubilant HollisterStier Inc (formerly known as Draxis Pharma Inc) to ICICI Bank UK. PLC. & ICICI Bank, Canada for USD 50 million - effective guarantee as at 31st March, 2012 USD 6.25 million(Previous year USD 18.75 million) and USD 37.66 million (Previous year USD 50.21 million) respectively - total effective guarantee equivalent to ₹ 2,234.09 million (Previous year ₹ 3,075.31 million), to secure financial facilities granted by them.

ii. Outstanding guarantees furnished by Banks on behalf of the group/by the Group including in respect of letters of credits is ₹ 2,144.13 million (Previous year ₹ 2,211.54 million).

**C. Other contingent liabilities:**

i. The Company's writ petition against the levy of transport fee by the State of Maharashtra on consumption of rectified spirit and molasses within Nira factory has been allowed by the Hon'ble Bombay High Court with consequential refund. The Parent Company has filed a refund claim for an amount of ₹ 2.51 million deposited during the period when the dispute was pending before the High Court. The total amount of disputed transport fee is ₹ 156.31 million. The State of Maharashtra has filed a Special leave petition in the Supreme Court and has sought a stay on the operation of the High Court order.

ii. Liability in respect of Bills discounted with Banks is ₹ 500.00 million (Previous year ₹ 200.00 million).

iii. The Parent Company has challenged before the Hon'ble Allahabad High Court, the increase in denaturing fee by the State of Uttar Pradesh w.e.f. 1st April, 2004 on denaturing of rectified spirit in the Gajraula factory and the writ petition has been admitted by the Court. The Company has deposited ₹ 21.02 million under protest which is shown as deposits.

iv. Zila Panchayat at J.P. Nagar (in respect of the Company's Gajraula plant) served a notice demanding a compensation of ₹ 277.40 million allegedly for, percolation of poisonous water stored in lagoons and flowing through the land of Zila Panchayat resulting in loss of crops and cattle of the farmers and for putting poisonous fly ash on national highway which caused loss to the health and damages to eyes and skin of people.

District Magistrate issued a recovery certificate along with 10% collection charges inflating the demand to ₹ 305.14 million. In the opinion of the Company, the Zila Panchayat has no jurisdiction in raising this demand. The demand was challenged in Hon'ble Allahabad High Court and the court stayed the demand till further orders.

v. The Parent Company has challenged before the Hon'ble Allahabad High Court, the levy of license fees of ₹ 2.87 million by State of Uttar Pradesh, for grant of PD-2 license for manufacture of ethyl alcohol for industrial use. The writ petition has been admitted and is being listed for final hearing. Though the amount has been deposited and shown as such, no provision against this has been made as the issue is covered by the earlier favorable judgment of the Hon'ble Supreme Court of India.

vi. The State of Uttar Pradesh (UP) has imposed levy on import of denatured spirit into the State of Uttar Pradesh (UP). The Parent Company has imported denatured spirit into the State of Uttar Pradesh and has challenged levy amounting to ₹ 90 million before Hon'ble Allahabad High Court. The writ petition has been allowed by the High Court in favour of the Parent Company. The State of Uttar Pradesh filed a Special Leave Petition (SLP) with Hon'ble Supreme Court. The SLP has been admitted but the Hon'ble Supreme Court has declined the request of the State of Uttar Pradesh (UP) to stay the operation of High Court Order.

vii. The Hon'ble Supreme Court has quashed the levy of license fee by State of Uttar Pradesh on captive consumption of denatured spirit in the Gajraula factory, and has ordered the refund of the fee paid during the period of dispute subject to condition that the amount has not been collected from the Company's customers. Further the Court has directed the State to investigate whether the Company has collected the disputed fee from its customers to the extent bank guarantees were furnished.

The Parent Company is entitled to a refund of ₹ 84.06 million as the amount paid during the period of dispute or secured by bank guarantees was not collected from its customers. Accordingly the Company has approached the State of Uttar Pradesh for the refund of the said amount. The amount paid has been shown as deposit.

**34. Balance outstanding recoverable from following Companies in which Directors are interested:**

(₹ in million)

| Particulars | Outstanding amount as at 31st March, | |
|---|---|---|
| | 2012 | 2011 |
| B &M Hot Breads Pvt. Ltd | 0.04 | 0.03 |
| Jubilant Oil & Gas Pvt. Ltd | 0.18 | 2.79 |

The above amounts are included in Note 20: Advances recoverable in Cash or in kind

**35. Foreign Currency Convertible Bonds (FCCB)**

The parent Company issued Zero Coupon Foreign Currency Convertible Bonds due 2011 (FCCB 2011) for an aggregate value of USD 200 million, convertible at any time between 30th June, 2006 to 10th May, 2011 by holders into fully paid equity shares of ₹ 1 each of the Company or Global Depositary Shares (GDSs) each representing one equity share at an initial conversion price of ₹ 413.4498 per share with a fixed rate of exchange of ₹ 45.05 = USD 1. The conversion price was subject to adjustment in certain circumstances. The Bonds could also be redeemed, in whole but not in part, at the option of the Company at any time on or after 19th May, 2009, subject to satisfaction of certain conditions. Unless previously converted, redeemed or purchased and cancelled, the Bonds were to be redeemed on 20th May, 2011 at 142.429% of their principal amount. The FCCBs were listed on Singapore Stock Exchange. The GDSs arising out of conversion of FCCBs were listed on Luxembourg Stock Exchange. Out of these FCCB 2011, USD 57.90 million Bonds were bought back at a discount and were cancelled. The balance bonds of USD 142.10 million outstanding were redeemed during the year.

The FCCB balance and provision for premium on redemption outstanding as at 31st March, 2011, under corresponding previous year figures has been classified under current liability as the same have been redeemed during the financial year even though option of conversion or redemption, both were available to the bondholders as at 31st March, 2011.

**36.** Vanthys Pharmaceutical Development Pvt Ltd (Vanthys) is a Joint Venture between the company and Eli Lilly (Lilly). The company has entered into an agreement to acquire 50% stake of Lilly in Vanthys and consequently effective control of Vanthys has passed to the company effective 1st January, 2012 accordingly for the purpose of consolidation, accounts of Vanthys has been consolidated as subsidiary. However the physical transfer of shares is yet to be transferred pending certain procedural formalities.

**37.** Other operating income is in the nature of scrap sales, and licensing Income etc and also includes waiver of a loan from customer on account of the foreclosure of a contract amounting to ₹ 248.95 million ( Previous year ₹ Nil).

**38.** Excise Duty under manufacturing expenses denotes provision on stock differential and other claims/ payments.

**39.** During the year, the company has changed accounting policy in respect of premium on lease hold land. Accordingly the premium has been amortised over the life of the lease with retrospective effect. The depreciation and amoritsation expenses for the year is higher by ₹ 86.42 million and the net profit is lower by the same amount.

**40.** a) Donation includes ₹ 15.02 millions payments made to General Electoral Trust during the year.

b) Prior period items for the year ₹ 5.13 million.

## 41. Employee Stock Option Scheme

In terms of approval of shareholders accorded at the AGM held on August 29, 2005 and in accordance with SEBI (ESOP & ESPS) Guidelines, 1999, the Company instituted Jubilant Employees Stock Option Plan, 2005 ("Plan 2005") for specified categories of employees and Directors of the Company and its Subsidiaries.

During the year, the Company also instituted JLL Employees Stock Option Plan, 2011 ("Plan 2011") , in terms of approval of shareholders accorded at the AGM held on August 23, 2011 and in accordance with SEBI (ESOP & ESPS) Guidelines 1999.

Under Plan 2005 as amended, and under Plan 2011, upto 1,100,000 Stock Options and upto 53,52,000 Stock Options, respectively, can be issued to eligible Directors (other than Promoter Directors) and other specified categories of employees of the Company/ Subsidiaries. Options are to be granted at market price. As per SEBI Guidelines, the market price is taken as the closing price on the day preceding the date of grant of options, on the stock exchange where the trading volume is the highest. Under Plan 2005, each option, upon vesting, shall entitle the holder to acquire five equity shares of ₹ 1 each. Options granted upto 28th August 2009 will vest entirely within two years from the grant date, with certain lock-in provisions. Options granted after 28th August 2009 will vest gradually over a period of 5 years from the grant date, without any lock-in provisions.

Under Plan 2011, each option, upon vesting, shall entitle the holder to acquire one equity share of ₹ 1 each. Options granted will vest gradually over a period of 3 years from the grant date.

Summary of vesting & lock in provisions is given below:

| | PLAN 2005 | | | | | | PLAN 2011 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Vesting Schedule (With lock in) Applicable for grants made Up to 28th August, 2009 | | | Vesting Schedule (Without lock in) Applicable for grants made after 28th August, 2009 | | | Vesting Schedule | | |
| S. No. | % of Options scheduled to vest | Vesting Date | Lock-in Period | % of Options scheduled to vest | Vesting Date | Lock-in Period | % of Options scheduled to vest | Vesting Date | Lock-in Period |
| 1. | 10 | 1 year from grant date | Nil | 10 | 1 year from grant date | Nil | 20 | 1 year from grant date | Nil |
| 2. | 15 | 2 years from grant date | Nil | 15 | 2 years from grant date | Nil | 30 | 2 years from grant date | Nil |
| 3. | 20 | 2 years from grant date | 1 year from vesting date | 20 | 3 years from grant date | Nil | 50 | 3 years from grant date | Nil |
| 4. | 25 | 2 years from grant date | 2 years from vesting date | 25 | 4 years from grant date | Nil | | | |
| 5. | 30 | 2 years from grant date | 3 years from vesting date | 30 | 5 years from grant date | Nil | | | |

The Company has constituted a Compensation Committee comprising of a majority of independent Directors. This Committee is empowered to administer - Plan 2005 & Plan 2011.

In 2008-09, Jubilant Employees Welfare Trust was constituted for the purpose of acquisition of equity shares of the Company from the secondary market or subscription of shares from the Company, to hold the shares and to allocate/transfer these shares to eligible employees of the Company from time to time on the terms and conditions specified under these Plans. The members authorised grant of loan(s) from time to time to the Trust in one or more tranches, upto ₹ 1,000 million either free of interest or at interest agreed between the Board and the Trust. The outstanding loan to the Trust as at 31st March, 2012 is ₹ 453.89 million (Previous year ₹ 269.90 million).

Upto 31st March, 2012, the Trust has purchased 6,363,506 equity shares of the Company from the open market, out of interest free loan provided by the Company, out of which 1,530,010 shares were transferred to the employees on exercise of Options. The Trust has also been issued 192,086 equity shares of Jubilant Industries Limited in accordance with the scheme of amalgamation & demerger amongst the Company, Jubilant Industries Limited & others.

The movement in the stock options under both the Plans, during the year, is set out below:

Under Plan 2005:

| Particulars | 2011-12 | | 2010-11 | |
|---|---|---|---|---|
| | Number of Options | Weighted Average Exercise Price (₹) | Number of Options | Weighted Average Exercise Price (₹) |
| Options outstanding at the beginning of the year | 182,013 | 228.95 | 365,331 | 219.07 |
| Granted during the year* | - | - | - | - |
| Expired during the year | - | - | - | - |
| Options forfeited during the year | (17,451) | 248.38 | (24,597) | 248.83 |
| Exercised during the year | - | - | (158,721) | 203.08 |
| Options outstanding at the end of the year | 164,562 | 226.89 | 182,013 | 228.95 |

*The Board has decided that no further grants will be made under Plan 2005.

Under Plan 2011:

| Particulars | 2011-12 | | 2010-11 | |
|---|---|---|---|---|
| | Number of Options | Weighted Average Exercise Price (₹) | Number of Options | Weighted Average Exercise Price (₹) |
| Options outstanding at the beginning of the year | - | - | - | - |
| Granted during the year | 891,383 | 199.23 | - | - |
| Expired during the year | - | - | - | - |
| Options forfeited during the year | (30,803) | 200.05 | - | - |
| Exercised during the year | - | - | - | - |
| Options outstanding at the end of the year | 860,580 | 199.20 | - | - |

Since Jubilant Employees Welfare Trust is holding sufficient number of equity shares of the Company, it is envisaged to transfer the Shares from the Trust to beneficiaries under Plan 2005 & Plan 2011 upon exercise. As such, there would be no fresh issue of shares by the Company and hence no dilution.

The Company has opted for intrinsic value method of accounting for Employee Stock Options. As market price of the options is equal to the exercise price on the date of grant, intrinsic value is ₹ Nil. Hence there is no cost charged to Statement of Profit and Loss on account of options granted to employees under the Employee Stock Option Plans of the company. Had the company opted for fair value accounting of Employee Stock options, Profit after tax for the financial year would have been lower by ₹ 12.78 million (Previous year ₹ 22.00 million).

## 42. Leases:

a) The Group's significant operating lease arrangements are in respect of premises (residential, offices, godown etc.). These leasing arrangements, which are cancelable, range between 11 months and 3 years generally and are usually renewable by mutual agreeable terms. The aggregate lease rentals payable are charged as expenses.

b) Assets acquired under Finance Lease:

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

(₹ in million)

| As at 31st March, | Minimum Lease Payments | | Present Value of Minimum Lease Payments | | Future Interest | |
|---|---|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Not later than one year | 15.52 | 3.73 | 11.07 | 2.17 | 4.45 | 1.56 |
| Later than one year but not later than five years | 34.58 | 14.01 | 29.05 | 11.05 | 5.53 | 2.96 |
| Later than five years | - | - | - | - | - | - |

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

**43.** In line with the applicable Accounting Standards, during the year, interest amounting to ₹ 257.40 million (Previous year ₹ 220.59 million) and expenditure incurred on start up and commissioning of the project and /or substantial expansion and development, including the expenditure incurred on trial runs (Net of trial run receipts, if any) up to the date of commencement of commercial production amounting to ₹ 389.70 million(Previous year ₹ 425.47 million) have been capitalised. The said expenditure (net of trial run receipts), so capitalised are accumulated as Capital work in progress to be allocated to fixed assets on commencement of commercial production.

**44. Impairment of Assets**

a) The Company is engaged in clinical research business in USA through its subsidiary Jubilant Clinsys Inc (Clinsys). In order to turnaround the business, during last few years, the Company had taken various measures including business development, operational efficiencies and cost reduction measures etc. However, CRO consolidation in US and Europe and consequent depletion in size of new business as well as delayed financing arrangements across the venture world resulted in sharp decline in backlog, cancellation of existing studies and delay in commencement of new awards impacting the turnaround plans during the year.

Pursuant to such adverse developments, the Company tested carrying value of the goodwill at the Clinsys for impairment. The recoverable value of goodwill and other assets was determined to be the Value-In-Use ("VIU"). The impairment testing indicated that the carrying value of goodwill was higher than its recoverable value and accordingly, the Company has recorded an impairment loss in respect to such goodwill amounting to ₹ 1,505.75 millions as at 31st March 2012 in consolidated accounts.

The key assumptions considered in the VIU calculation are as follows:

- Revenue projections are based on the approved budgets for the fiscal year ending 31st March 2013 and management projections thereafter with no terminal growth rate.

- The net cash flows have been discounted based on a post tax discounting tax rate of 20%.

b) The company holds long term investments in HealthCare Ventures IX, LLP., Putney Inc and Safe Foods Corporations. Based on the investee's net assets, their results, recent company valuation and expected cash flows, the company has provided ₹ 166.29 million for diminution in the value of investments which is considered other than temporary.

c) The carrying value of internally generated Intangible Asset – product development and other intangibles including intangibles under progress is reviewed and based on technical assessment, carrying value of certain internally generated intangible assets/other intangibles under development ₹ 197.37 million (Previous year ₹ 95.29 million) have been charged to the Statement of Profit and Loss.

**45. a) Deferred Tax Assets and Liabilities are attributable to the following items:**

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| **Deferred Tax Assets** | | |
| Provision for Leave Encashment and Gratuity | 136.55 | 142.20 |
| Amount disallowed u/s 43 B | 77.40 | 16.65 |
| Accumulated Losses as per Tax Laws | 998.12 | 1,203.10 |
| Others | 78.73 | 168.10 |
| | **1,290.80** | **1,530.05** |
| **Deferred Tax Liabilities** | | |
| Accelerated Depreciation/ Amortisation | 2,911.47 | 2,729.38 |
| Difference in value of CWIP/Intangibles | 512.39 | 457.62 |
| Others | 4.42 | 55.04 |
| | **3,428.28** | **3,242.04** |
| **Deferred Tax Liabilities (Net)** | **2,137.48** | **1,711.99** |

Deferred Tax Assets and Liabilities have been worked out on legal entity basis and have been set-off with each other, where the company has a legally enforceable right to set-off and such Deferred Tax Assets & Liabilities relates to taxes on income levied by same governing taxation laws. Accordingly, after the set-off, the Net Deferred Tax Assets & Liabilities are as under:

(₹ in million)

| As at 31st March, | 2012 | 2011 |
|---|---|---|
| Deferred Tax Asset | 102.84 | 395.02 |
| Deferred Tax Liability | 2,240.32 | 2,107.01 |
| Deferred Tax Liability (Net) | **2,137.48** | **1,711.99** |

**b)** Current Tax includes ₹ (7.31) million (Previous year ₹ 32.70 million) related to previous year.

c) The deferred tax liability is net of amount recoverable of ₹ Nil (Previous year ₹ 15.50 million) from the Employee Welfare Trust towards the tax chargeable on the income of trust on which the tax is payable by the Parent Company.

## 46. Disclosure required by Accounting Standard 29(AS-29) "Provisions, Contingent Liabilities and Contingent Assets"

**Movement in Provisions:** (₹ in million)

| Sr. No. | Particulars of disclosure | Class of Provisions | | | | | |
|---|---|---|---|---|---|---|---|
| | | Provision for Bad and Doubtful Debts | Excise Duty | Product Warranties | Premium on redemption of FCCBs | Provision for MTM losses | Other Provisions |
| 1. | Balance as at 1st April, 2011 | 55.03<br>(96.06) | 33.49<br>(62.17) | 0.17<br>(0.11) | 2,605.06<br>(2,835.33) | 83.30<br>(100.09) | 31.57<br>(39.54) |
| 2. | Additional provision during 2011-12 | 28.91<br>(27.01) | 100.13<br>(33.49) | -<br>(0.17) | -<br>(597.03) | 1,231.46<br>(55.59) | 89.61<br>(31.57) |
| 3. | Provision used during 2011-12 | 0.66<br>(0.34) | 33.49<br>(41.38) | -<br>(-) | 2,605.06<br>(827.30) | 36.77<br>(65.34) | 31.57<br>(39.54) |
| 4. | Provision reversed during 2011-12 | 5.75<br>(39.79) | -<br>(-) | 0.17<br>(0.11) | -<br>(-) | 11.90<br>(7.04) | -<br>(-) |
| 5. | Less: Adjustment on account of scheme of amalgamation & demerger | -<br>(27.91) | -<br>(20.79) | -<br>(-) | -<br>(-) | -<br>(-) | -<br>(-) |
| 6. | Balance as at 31st March, 2012 | 77.53<br>(55.03) | 100.13<br>(33.49) | -<br>(0.17) | -<br>(2,605.06) | 1,266.09<br>(83.30) | 89.61<br>(31.57) |

Provision for excise duty represents the excise duty on closing stock of finished goods.

**47.** The Company has opted for accounting the exchange difference arising on reporting of long term foreign currency monetary items in line with para 46A of Accounting Standard 11 (AS-11) – "The Effects of Changes in Foreign Exchange Rates" notified by the Ministry Of Corporate Affairs on 29th December 2011. Accordingly during 2011-12, the Company has capitalised exchange difference amounting to ₹ (-) 47.12 million to the cost of fixed assets and ₹ 1,132.47 million to foreign currency monetary item translation difference account (FCMITDA). During the year, ₹ 405.05 million has been amortised to Statement of Profit and Loss in terms of the said notification and balance of ₹ 727.42 million is carried in Balance Sheet as on 31st March 2012.

## 48. Hedging and Derivatives:

(i) The Group uses various derivative instruments such as foreign exchange forward contracts, interest rate swaps and currency swaps to selectively hedge its exposures to movement in foreign exchange rates and interest rates. These derivatives are not used for speculative or trading purposes.

Some of these derivatives are used as instrument to hedge foreign exchange fluctuation risk on highly probable forecast transactions upto the date of sale and are expected to occur by May 2013.

The following are the outstanding derivative contracts entered into by the group:

| Category | Currency | Cross Currency | Amount (In Million) | Buy/Sell | Purpose |
|---|---|---|---|---|---|
| **As at 31st March 2012:** | | | | | |
| Forward Contracts | USD | INR | USD 303.03 | Sell | Hedging |
| Forward Contracts | USD | INR | USD 61.50 | Buy | Hedging |
| Currency Swap<br>(Loan of JPY 2,306.31 million) | JPY | USD | USD 22.72 | - | Hedging |
| Currency and Interest Swap | INR | USD | USD 201.90 | - | Hedging |
| Interest Rate Swap | USD LIBOR | - | USD 25.00 | - | Hedging |
| **As at 31st March 2011:** | | | | | |
| Forward Contracts | USD | INR | USD 10.00 | Sell | Hedging |
| Forward Contracts | USD | INR | USD 35.71 | Buy | Hedging |
| Forward Contracts | EURO | INR | Euro 1.69 | Sell | Hedging |
| Interest Rate Swap | USD LIBOR | - | USD 38.27 | - | Hedging |
| Currency Swap<br>(Loan of JPY 2,537.50 million) | JPY | USD | USD 25.00 | - | Hedging |

ii) **Foreign currency exposure not hedged by derivative instrument:**

| As at 31st March | Amount (foreign currency in millions) | | | |
|---|---|---|---|---|
| | 2012 | | 2011 | |
| Amount receivable on account of sale of goods & services and loans & advances. | USD | 77.42 | USD | 63.51 |
| | EURO | 9.82 | EURO | 2.40 |
| | GBP | 0.26 | GBP | 0.04 |
| | CAD | 1.49 | CAD | - |
| | MAD | 0.16 | MAD | - |
| Amount payable on account of purchase of goods & services, loans & FCCBs etc. | USD | 305.88 | USD | 351.25 |
| | JPY | 2.43 | JPY | 9.36 |
| | EURO | 0.18 | EURO | 0.28 |
| | GBP | 0.31 | GBP | 0.12 |
| | CHF | 0.09 | CHF | 0.49 |
| | DKK | 0.08 | DKK | - |
| | PLN | 0.01 | PLN | - |
| Amount outstanding as deposits with Banks | USD | 4.02 | USD | 2.68 |
| | GBP | 0.02 | GBP | - |
| | EURO | 0.14 | EURO | - |
| | CAD | 0.10 | CAD | - |

iii) Mark to Market losses in respect of currency and interest rate swaps contracts amounting to ₹ 1,212.34 million has been charged to the Statement of Profit and Loss.

iv) During the year the company has opted for hedge accounting in respect of certain transactions including forward contracts under Accounting Standard 30 issued by the Institute of Chartered Accountants of India. Accordingly the profit after tax for the year is lower by ₹ 151.50 million and an equivalent sum has been credited to hedge reserve as at 31st March 2012.

## 49. Employee Benefits in respect of Parent Company including Indian Subsidiaries have been calculated as under:

### (A) Defined Contribution Plans

a. Provident Fund*

b. Superannuation Fund

**During the year the Company has contributed following amounts to:**

(₹ in million)

| For the year ended 31st March, | 2012 | 2011 |
|---|---|---|
| Employers contribution to provident fund | 29.10 | 26.24 |
| Employers contribution to employee's pension scheme 1995 | 28.25 | 27.14 |
| Employers contribution to superannuation fund | 14.88 | 16.26 |

*For certain employees where provident fund is deposited with Government authority like Regional Provident Fund Commissioner.

c. State Plans

**During the year the Company has contributed following amounts to :**

(₹ in million)

| For the year ended 31st March, | 2012 | 2011 |
|---|---|---|
| Employers contribution to employee state insurance | 6.66 | 5.88 |

### (B) Defined Benefit Plans

**i. Compensated Absences and Gratuity**

In accordance with Accounting Standard 15 (AS 15)-"Employee Benefits (Revised 2005)", an actuarial valuation has been carried out in respect of gratuity and compensated absences. The discount rate assumed is 8.57 % which is determined by reference to market yield at the Balance Sheet date on Government bonds. The retirement age has been considered at 58 years and mortality table is as per LIC (1994-96).

The estimates of future salary increases, considered in actuarial valuation, 10% for first year and 6% thereafter, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

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

(₹ in million)

| | Gratuity* | | Leave Encashment | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| Present value of obligation at the beginning of the year | 242.79 | 245.80 | 160.89 | 144.10 |
| Less: Adjustment on account of scheme of amalgamation & demerger (Net) | - | (41.88) | - | (14.78) |
| Current service cost | 33.52 | 31.12 | 39.45 | 37.10 |
| Interest cost | 20.91 | 20.37 | 13.91 | 11.92 |
| Actuarial (gain)/loss | 11.04 | 0.96 | (3.39 ) | (0.68) |
| Benefits paid | (35.95) | (13.58) | (28.95 ) | (16.77) |
| Present value of obligation at the end of the year | 272.31 | 242.79 | 181.91 | 160.89 |

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

(₹ in million)

| | Gratuity* | | Leave Encashment | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| Present value of obligation at the end of the year | 272.31 | 242.79 | 181.91 | 160.89 |
| Fair value of plan assets at period end | - | - | - | - |
| Assets/(Liabilities) recognised in the Balance Sheet | (272.31) | (242.79) | (181.91) | (160.89) |

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

(₹ in million)

| | Gratuity* | | Leave Encashment | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| Current service cost | 33.52 | 31.12 | 39.45 | 37.10 |
| Interest cost | 20.91 | 20.37 | 13.91 | 11.92 |
| Actuarial (gain)/loss | 11.04 | 0.96 | (3.39) | (0.68) |
| Net cost recognised during the year | 65.47 | 52.45 | 49.97 | 48.34 |

*Excluding for certain employees of Nanjangud & Ambernath Unit.

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

(₹ in million)

| | Gratuity | |
|---|---|---|
| | 2012 | 2011 |
| Present value of obligation at the beginning of the year | 22.44 | 19.42 |
| Current service cost | 4.72 | 3.89 |
| Interest cost | 1.92 | 1.62 |
| Actuarial (gain)/loss | 0.62 | 0.21 |
| Benefits paid | (2.12) | (2.70) |
| Present value of obligation at the end of the year | 27.58 | 22.44 |

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

(₹ in million)

| | Gratuity | |
|---|---|---|
| | 2012 | 2011 |
| Present value of obligation at the end of the year | 27.58 | 22.44 |
| Fair value of plan assets at period end | 10.49 | 8.66 |
| Funded Status excess of Actual over estimated | - | - |
| Assets/(Liabilities) recognised in the Balance Sheet | (17.09) | (13.78) |

**In respect of certain employees of Nanjangud Unit.

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

(₹ in million)

| | Gratuity | |
|---|---|---|
| | 2012 | 2011 |
| Current service cost | 4.72 | 3.89 |
| Interest cost | 1.92 | 1.62 |
| Actuarial (gain)/loss | 1.39 | 0.21 |
| Expected Return on Plan Asset | (0.77) | (0.73) |
| Net cost recognised during the year | 7.26 | 4.99 |

** In respect of certain employees of Nanjangud Unit.

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

(₹ in million)

| | Gratuity | |
|---|---|---|
| | 2012 | 2011 |
| Present value of obligation at the beginning of the year | 2.51 | - |
| Adjustment on account of Scheme of amalgamation & demerger | - | 1.89 |
| Current service cost | 0.98 | 0.83 |
| Interest cost | 0.21 | 0.16 |
| Actuarial (gain)/loss | (0.52) | (0.23) |
| Benefits paid | (0.41) | (0.14) |
| Present value of obligation at the end of the year | 2.77 | 2.51 |

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

(₹ in million)

| | Gratuity | |
|---|---|---|
| | 2012 | 2011 |
| Present value of obligation at the end of the year | 2.77 | 2.51 |
| Fair value of plan assets at period end | 2.15 | 1.30 |
| Funded status excess of actual over estimated | - | - |
| Assets/(Liabilities) recognised in the Balance Sheet | (0.62) | (1.21) |

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

(₹ in million)

| | Gratuity | |
|---|---|---|
| | 2012 | 2011 |
| Current service cost | 0.98 | 0.83 |
| Interest cost | 0.21 | 0.16 |
| Actuarial (gain)/loss | (0.40) | (0.23) |
| Expected Return on Plan Asset | (0.12) | (0.12) |
| Net cost recognised during the year | 0.67 | 0.64 |

*** In respect of certain employees of Ambernath Unit.

**Experience adjustment for the current and previous three periods:**

**a) Gratuity**

(₹ in million)

| | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|
| Defined benefit obligation | 302.66 | 267.74 | 265.22 | 254.65 |
| Plan assets | 12.64 | 9.96 | 8.15 | 5.32 |
| Surplus/(Deficit) | (290.02) | (257.78) | (257.07) | (249.33) |
| Experience adjustment of plan liabilities-(loss)/gain | (15.90) | 34.01 | (4.10) | (15.29) |
| Experience adjustment on plan assets-(loss)/gain | (0.90) | 0.17 | 0.24 | (0.39) |

b) **Leave Encashment**

(₹ in million)

| | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|
| Defined benefit obligation | 181.91 | 160.89 | 144.10 | 124.20 |
| Surplus/(Deficit) | (181.91) | (160.89) | (144.10) | (124.20) |
| Experience adjustment of plan liabilities-(loss)/gain | 1.30 | 11.48 | (6.14) | (11.74) |
| Experience adjustment on plan assets-(loss)/gain | - | - | - | - |

Experience adjustment information is available from financial year 2008-09 onwards only.

ii. **Provident Fund:**

The Guidance on implementation of AS 15, Employee Benefits (Revised 2005) issued by Accounting Standard Board (ASB) states that benefits involving provident funds, which require interest shortfall to be compensated, are to be considered as defined benefit plans. The actuary has worked out a liability of ₹ 8.04 million (Previous year ₹ 6.74 million) likely to arise towards interest guarantee. The trust is managing common corpus of some of the group companies. The total liability of ₹ 8.04 million (Previous year ₹ 6.74 million) as worked out by the actuary has been allocated to each entity based on the corpus value of each entity as on 31st March 2012. Accordingly, liability of ₹ 7.15 million (Previous year ₹ 5.81 million) has been allocated to Company and ₹ 1.34 million (Previous year ₹ 5.81 million) has been charged to Statement of Profit and Loss during the year. The Company has contributed ₹ 87.05 million to Provident Fund (Previous year ₹ 77.65 million) for the year.

(C) **Other long term benefits**

(₹ in million)

| | 2012 |
|---|---|
| Present value of obligation at the end of the year | 14.36 |

## 50. A. Related Party Disclosures

1. **Related parties with whom transactions have taken place during the year.**

a) **Enterprise over which certain key management personnel have significant influence:**

Jubilant Enpro Pvt. Limited, Jubilant Oil & Gas Pvt. Limited, Jubilant Foodworks Limited, Tower Promoters Pvt. Limited, B&M Hot Breads Pvt. Ltd, Jubilant Industries Limited, Jubilant Agri and Consumer Products Limited

b) **Key management personnel:**

Mr. Shyam S. Bhartia, Mr. Hari S. Bhartia , Mr. Shyamsundar Bang, (Late) Dr. J. M. Khanna**, Mr. R. Sankaraiah, Mr. Pramod Yadav, Mr. Rajesh Srivastava, Mr. Neeraj Agarwal, Mr. Chandan Singh, Mr. Sridhar Mosur, Mr. Marcelo Morales, Mr. Scott Delaney, Mr. William Francis Abbott, Mr. Kevin Garrity.

c) **Relatives of key management personnel:**

Ms. Asha Khanna (wife of (Late) Dr. J. M. Khanna**), Ms. Shobha Bang (wife of Mr. Shyamsundar Bang).

d) **Others:**

Vam Employees Provident Fund Trust, Jubilant Employee Welfare Trust , Jubilant Bhartia Foundation, Vam Officers Superannuation Fund, Amarchand & Mangaldas & Suresh A. Shroff & Co.

**** for part of the year**

2. **Transactions with related parties during the year:**

(₹ in million)

| S. No. | Particulars | Enterprise over which certain key management personnel have significant influence | Key management personnel & relatives | Others |
|---|---|---|---|---|
| 1. | Sales of goods & services | 394.95 (350.11) | | |
| 2. | Purchases of goods & services | 361.69 (45.76) | | |
| 3. | Recovery of expenses & utilities charges | 87.73 (48.43) | | |
| 4. | Reimbursement of expenses | 0.23 (1.32) | | |
| 5. | Remuneration and related expenses | | 288.86 (283.44) | |
| 6. | Company's contribution to PF Trust. | | | 87.05 (77.65) |
| 7. | Company's contribution to superannuation fund. | | | 14.88 (16.26) |
| 8. | Rent expenses | 45.48 (48.96) | 5.98 (7.45) | |
| 9. | Donation | | | 19.80 (23.20) |
| 10. | Professional services-fees | | | 2.14 (2.53) |
| 11. | Loans given | | | 183.99 (-) |
| 12. | Loans received back | | | - (153.31) |
| **Balance as at 31st March , 2012** | | | | |
| 13. | Trade and other payables | 213.49 (51.45) | | 0.19 (0.81) |
| 14. | Loans recoverable (including interest accrued thereon) | | | 453.89 (269.90) |
| 15. | Trade Receivables | 44.32 (-) | | |
| 16. | Deposits recoverable | 21.00 (21.00) | | |
| 17. | Other recoverables | 36.67 (5.63) | 25.00 (25.00) | |

**Note:**

(1) Figures in ( ) indicates in respect of previous year.

(2) Related party relationship is as identified by the Company and relied upon by the Auditors.

(3) No amount has been written off/provided for in respect of dues from or to any related party.

(4) In addition to this, during FY 2011, Jubilant Employee Welfare Trust has transferred shares of the Company to key management personnel on payment of exercise price to the Trust.

**Disclosure in respect of material related party transactions during the year:**

1. Sales of goods & services include Jubilant Industries Ltd ₹ 380.26 million (P.Y ₹ 350.11 million) and Jubilant Agri and Consumer Products Ltd ₹ 14.69 million (P.Y ₹ Nil).

2. Purchases of goods & services include Jubilant Industries Ltd ₹ 287.43 million (P.Y ₹ 45.76 million) and Jubilant Agri and Consumer Products Ltd ₹ 74.26 million (P.Y ₹ Nil).

3. Recovery of expenses & utilities charges includes Jubilant Enpro Pvt. Limited ₹ 7.87 million (P.Y ₹ 7.57 million), Jubilant Oil & Gas Pvt. Limited ₹ 2.39 million (P.Y ₹ 6.87 million), Jubilant Foodworks Limited ₹ 3.38 million (P.Y ₹ 3.09 million), Jubilant Industries Limited ₹ 66.50 million (P.Y ₹ 30.52 million), Jubilant Agri and Consumer Products Ltd ₹ 7.07 million (P.Y ₹ Nil), B&M Hot Breads Pvt Limited ₹ 0.52 million(P.Y ₹ 0.38 million).

4. Reimbursement of expenses include to Jubilant Oil and Gas Pvt Ltd ₹ 0.23 million (P.Y ₹ 1.32 million).

5. Remuneration and related expenses to Mr. Shyam S Bhartia ₹ 23.80 million (P.Y ₹ 42.00 million), Mr. Hari S Bhartia ₹ 22.99 million (P.Y ₹ 41.22 million), Mr. Shyamsundar Bang ₹ 18.68 million(P.Y ₹ 17.64 million), (Late) Dr. J M Khanna ₹ 19.51 million (P.Y ₹ 22.27 million), Mr. R Sankaraiah ₹ 28.06 million (P.Y ₹ 23.27 million), Mr. Pramod Yadav ₹ 16.71 million (P.Y ₹ 15.06 million), Mr. Rajesh Srivastava ₹ 16.56 million (P.Y ₹ 14.80 million), Mr. Chandan Singh ₹ 10.02 million (P.Y ₹ 8.36 million), Mr. Neeraj Agarwal ₹ 16.61 million (P.Y ₹ 11.57 million), Mr. Sridhar Mosur ₹ 22.56 million (P.Y ₹ 24.77 million), Mr. Marcelo Morales ₹ 27.73 million (P.Y ₹ 24.31 million), Mr. Scott Delaney ₹ 26.42 million (P.Y ₹ 21.66 million), Mr. William Francis Abbott ₹ 26.22 million (P.Y ₹ 13.10 million), Mr. Kevin Garrity ₹ 12.99 million (P.Y ₹ 3.41 million).

6. Company's contribution to PF Trust to Vam Employee Provident Fund Trust ₹ 87.05 million (P.Y ₹ 77.65 million).

7. Company's contribution to superannuation fund to Vam Officers Superannuation Fund ₹ 14.88 million (P.Y ₹ 16.26 million).

8. Rent expenses paid to include Jubilant Enpro Pvt. Limited ₹ 2.54 million (P.Y ₹ 1.39 million), Jubilant Oil & Gas Pvt. Limited ₹ 0.94 million (P.Y ₹ 5.57 million), Tower Promoters Pvt. Limited ₹ 42.00 Million (P.Y ₹ 42.00 million), Ms Asha Khanna (wife of (Late) Dr. J .M. Khanna) ₹ 0.82 million (P.Y ₹ 2.92 million), Ms. Shobha Bang(wife of Mr. Shyamsundar Bang) ₹ 5.16 million (P.Y ₹ 4.53 million).

9. Donation to Jubilant Bhartia Foundation ₹ 19.80 million (P.Y ₹ 23.20 million).

10. Professional services-fees paid to Amarchand & Mangaldas & Suresh A. Shroff & Co. ₹ 2.14 million (P.Y ₹ 2.53 million).

11. Loan given to Jubilant Employee Welfare Trust ₹ 183.99 million (P.Y ₹ Nil).

12. Loan received back from Jubilant Employee Welfare Trust of ₹ Nil (P.Y ₹ 153.31 million).

13. Trade and other payables include to Jubilant Industries Limited ₹ 200.09 million (P.Y ₹ 51.45 million), Jubilant Agri and Consumer Products Ltd ₹ 13.40 million (P.Y ₹ Nil), Amarchand & Mangaldas & Suresh A. Shroff & Co. ₹ 0.19 million(P.Y ₹ 0.81 million).

14. Loans recoverable from Jubilant Employee Welfare Trust ₹ 453.89 million (P.Y ₹ 269.90 million).

15. Trade receivables include from Jubilant Industries Limited ₹ 35.29 million (P.Y ₹ Nil), Jubilant Agri and Consumer Products Ltd ₹ 9.03 million (P.Y ₹ Nil).

16. Deposit recoverable from Tower Promoters Pvt. Limited ₹ 21.00 million (P.Y ₹ 21.00 million).

17. Other recoverables include from Jubilant Oil & Gas Pvt. Limited ₹ 0.18 million (P.Y ₹ 2.79 million), Jubilant Foodworks Limited ₹ Nil (P.Y ₹ 2.81 million), Jubilant Industries Limited ₹ 21.19 million (P.Y ₹ Nil), Jubilant Agri and Consumer Products Ltd ₹ 15.26 million (P.Y ₹ Nil), Mr. R Sankaraiah ₹ 25.00 million(P.Y ₹ 25.00 million),B&M Hot Breads Pvt Limited ₹ 0.04 million(P.Y ₹ 0.03 million).

## 51. Segment Reporting :

**i) The Company operates under one reportable segment viz.Pharmaceuticals and Life Sciences Ingredients.**

**ii) In respect of Secondary Segment information, the Company has identified its geographical segments as:**

(i) Within India

(ii) Outside India

iii) **Secondary Segments (Geographical Segments):**

(₹ in million)

| Particulars | | 2012 | 2011 |
|---|---|---|---|
| a) | **Revenue from operations by geographic location of customers (Net of excise duty)** | | |
| | Within India | 12,671.30 | 10,691.20 |
| | Outside India | 30,359.96 | 23,765.03 |
| | **Total** | **43,031.26** | **34,456.23** |
| b) | **Carrying amount of segment assets** | | |
| | Within India | 41,208.20 | 42,804.98 |
| | Outside India | 37,148.15 | 32,514.99 |
| | **Total** | **78,356.35** | **75,319.97** |
| c) | **Capital Expenditure** | | |
| | Within India | 5,647.23 | 2,501.01 |
| | Outside India | 327.71 | 1,444.54 |
| | **Total** | **5,974.94** | **3,945.55** |
| d) | **Revenue from operation by geographic markets** | | |
| | India | 12,671.30 | 10,691.20 |
| | Americas & Europe | 24,381.67 | 18,632.50 |
| | China | 2,888.15 | 3,213.42 |
| | Asia & Others | 3,090.14 | 1,919.11 |
| | **Total** | **43,031.26** | **34,456.23** |

## 52. Earnings Per Share (EPS)

(₹ in million)

| For the year ended 31st March, | | | 2012 | 2011 |
|---|---|---|---|---|
| I. | Profit Computation for Basic & Diluted Earnings Per Share of ₹ 1 each | ₹ in million | 145.61 | 2,297.19 |
| II. | Weighted average number of equity shares for Earnings Per Share computation | | | |
| | A) For Basic Earnings Per Share | Nos | 159,281,139 | 159,281,139 |
| | B) For Diluted Earnings Per Share: | | | |
| | No. of shares for Basic EPS as Per II A | Nos | 159,281,139 | 159,281,139 |
| | Add: Weighted Average outstanding Options/Shares related to FCCB & Employee stock options. | Nos | - | 16,890,778 |
| | No. of shares for Diluted Earnings Per Share | Nos | 159,281,139 | 176,171,917 |
| III. | Earnings Per Share (face value of ₹ 1 each) | | | |
| | Basic | Rupees | 0.91 | 14.42 |
| | Diluted | Rupees | 0.91 | 13.04 |

**Notes**

1) The Diluted EPS does not include the effect of vested employee stock options as number of shares held by Jubilant Employee Welfare Trust are in excess of employee stock option granted and outstanding. (Refer Note 41)

**53.** Figures pertaining to the Subsidiary Companies, have been reclassified wherever considered necessary to bring them in line with the Company's Financial Statements.

**54.** Previous Year's figures have been regrouped/rearranged wherever considered necessary to conform to this year's classification.

**Signatures to Notes "1" to "54" forming part of the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss.**

In terms of our report of even date attached.

For and on behalf of the Board

for **K.N. Gutgutia & Co.**
Firm Registration Number : 304153E
Chartered Accountants

**B.R. Goyal**
Partner
Membership No. 12172

**Shyam S. Bhartia**
Chairman & Managing Director

Place: Noida
Date : 7th May, 2012

**Lalit Jain**
Company Secretary

**R. Sankaraiah**
Executive Director - Finance

**Hari S. Bhartia**
Co-Chairman & Managing Director

## DETAILS OF SUBSIDIARY COMPANIES (2011-12)

| | | Jubilant Clinsys Ltd. | Jubilant Chemsys Ltd. | Jubilant Biosys Ltd. | Jubilant Infrastructure Ltd. | Jubilant First Trust Healthcare Ltd. | Asia Healthcare Development Ltd. | Jubilant Life Sciences (USA) Inc | | Jubilant Life Sciences (Shanghai) Ltd. | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | ₹/million | ₹/million | ₹/million | ₹/million | ₹/million | ₹/million | USD | ₹/million | RMB | ₹/million |
| (a) | Capital | 290.50 | 202.00 | 4.41 | 344.84 | 156.13 | 17.67 | 375,000 | 17.11 | 1,652,837 | 8.80 |
| (b) | Reserve and Surplus (adjusted for debit balance in Profit & Loss Account where applicable) | (52.89) | 541.43 | (592.59) | 1,007.07 | 294.50 | (3.65) | 1,025,850 | 54.15 | 3,059,903 | 29.25 |
| (c) | Total Assets (Fixed Assets + Current Assets) | 321.39 | 863.41 | 1,241.08 | 1,921.75 | 466.82 | 18.30 | 13,391,140 | 681.27 | 98,689,131 | 797.25 |
| (d) | Total Liabilities (Debts + Current Liabilities) | 83.78 | 119.98 | 1,946.13 | 570.25 | 33.82 | 4.28 | 11,990,290 | 610.01 | 93,976,391 | 759.20 |
| (e) | Details of Investments (except in case of Investment in subsidiaries) | - | - | - | - | - | - | - | - | - | - |
| (f) | Turnover (Including Other Income) | 269.17 | 849.17 | 1,145.60 | 356.94 | 111.50 | 28.92 | 32,043,258 | 1,535.19 | 321,939,749 | 2,413.77 |
| (g) | Profit before Taxation | 36.21 | 185.55 | 24.56 | 75.58 | (34.68) | 2.28 | 282,812 | 13.55 | 5,417,655 | 40.60 |
| (h) | Provision for Taxation | (0.22) | (9.52) | (161.43) | 31.39 | - | 0.06 | 104,095 | 4.99 | 1,293,492 | 9.70 |
| (i) | Profit after Taxation | 36.43 | 195.07 | 185.99 | 44.19 | (34.68) | 2.22 | 178,717 | 8.56 | 4,124,163 | 30.90 |
| (j) | Proposed Dividend | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

## DETAILS OF SUBSIDIARY COMPANIES (2011-12) (Contd.)

| | | Jubilant Pharma NV | | Jubilant Pharmaceuticals NV | | PSI Supply NV | | Jubilant Life Sciences Holdings Inc. | | Jubilant Clinsys Inc. | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | EURO | ₹/million | EURO | ₹/million | EURO | ₹/million | USD | ₹/million | USD | ₹/million |
| (a) | Capital | 16,180,000 | 894.14 | 1,050,300 | 63.95 | 665,000 | 43.37 | 209,586,975 | 9,250.68 | 30,369,630 | 1,548.05 |
| (b) | Reserve and Surplus (adjusted for debit balance in Profit & Loss Account where applicable) | 1,817,259 | 327.33 | (73,184) | 2.37 | (231,070) | (13.92) | (65,529,051) | (1,921.73) | (21,871,276) | (1,115.69) |
| (c) | Total Assets (Fixed Assets+Current Assets) | 37,893 | 2.57 | 9,180,303 | 623.07 | 1,352,541 | 91.80 | 10,962,554 | 557.72 | 16,426,118 | 835.68 |
| (d) | Total Liabilities (Debts + Current Liabilities) | 2,034 | 0.14 | 8,203,187 | 556.75 | 918,611 | 62.35 | 11,127,705 | 566.12 | 7,927,764 | 403.33 |
| (e) | Details of Investments (except in case of Investment in subsidiaries) | - | - | - | - | - | - | - | - | - | - |
| (f) | Turnover (Including Other Income) | 256 | 0.02 | 8,305,100 | 548.30 | 2,137,211 | 141.10 | 1,888,500 | 90.48 | 11,380,719 | 545.25 |
| (g) | Profit before Taxation | (3,594) | (0.24) | 28,660 | 1.89 | 102,357 | 6.76 | (64,464,617) | (3,088.50) | (4,983,820) | (238.78) |
| (h) | Provision for Taxation | - | - | (730,342) | (48.22) | (323,094) | (21.33) | (35,837) | (1.72) | (1,959,618) | (93.89) |
| (i) | Profit after Taxation | (3,594) | (0.24) | 759,002 | 50.11 | 425,451 | 28.09 | (64,428,780) | (3,086.78) | (3,024,202) | (144.89) |
| (j) | Proposed Dividend | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

## DETAILS OF SUBSIDIARY COMPANIES (2011-12) (Contd.)

| | | HSL Holdings Inc. | | Jubilant HollisterStier LLC | | Jubilant Pharma Pte. Ltd. | | Cadista Holdings Inc. | | Jubilant Cadista Pharmaceuticals Inc. | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | USD | ₹/million | USD | ₹/million | USD | ₹/million | USD | ₹/million | USD | ₹/million |
| (a) | Capital | 16 | 0.00 | 21,521,278 | 876.78 | 316,908,994 | 14,659.95 | 117,797 | 5.40 | 1 | - |
| (b) | Reserve and Surplus (adjusted for debit balance in Profit & Loss Account where applicable) | 122,387,513 | 6,226.47 | 65,285,128 | 3,539.50 | 7,448,037 | 1,841.71 | 33,526,157 | 1,706.24 | 28,714,913 | 1,460.87 |
| (c) | Total Assets (Fixed Assets+Current Assets) | 26,870,630 | 1,367.04 | 196,938,933 | 10,019.27 | 3,714,262 | 188.96 | 33,710,039 | 1,715.00 | 71,333,589 | 3,629.10 |
| (d) | Total Liabilities (Debts + Current Liabilities) | 74,833,966 | 3,807.18 | 110,132,527 | 5,602.99 | 3,012,821 | 153.28 | 66,086 | 3.36 | 42,618,675 | 2,168.23 |
| (e) | Details of Investments (except in case of Investment in subsidiaries) | - | - | - | - | 2,871,770 | 146.10 | - | - | - | - |
| (f) | Turnover (Including Other Income) | 392,666 | 18.81 | 97,167,806 | 4,655.31 | 92,444 | 4.43 | 22 | - | 93,385,697 | 4,474.11 |
| (g) | Profit before Taxation | 27,258 | 1.31 | 17,049,070 | 816.82 | (5,793,830) | (277.58) | (27,195) | (1.30) | 49,057,909 | 2,350.37 |
| (h) | Provision for Taxation | 9,377 | 0.45 | 5,931,303 | 284.17 | (21,695) | (1.04) | - | - | 18,421,313 | 882.57 |
| (i) | Profit after Taxation | 17,881 | 0.86 | 11,117,767 | 532.65 | (5,772,135) | (276.54) | (27,195) | (1.30) | 30,636,596 | 1,467.80 |
| (j) | Proposed Dividend | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

## DETAILS OF SUBSIDIARY COMPANIES (2011-12) (Contd.)

| | | Jubilant Biosys (BVI) Ltd. | | Jubilant Biosys (Singapore) Pte Ltd. | | Jubilant Discovery Services Inc. | | Jubilant Drug Development Pte. Ltd. | | Jubilant Life Sciences (BVI) Ltd. | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | USD | ₹/million | USD | ₹/million | USD | ₹/million | USD | ₹/million | USD | ₹/million |
| (a) | Capital | 1,372,001 | 68.47 | 1,351,001 | 67.45 | 2,485,000 | 116.87 | 2,520,001 | 125.87 | 3,915,001 | 195.67 |
| (b) | Reserve and Surplus (adjusted for debit balance in Profit & Loss Account where applicable) | (13,922) | 0.63 | (36,900) | (0.59) | (1,768,639) | (80.43) | (37,333) | 0.44 | (15,111) | 2.73 |
| (c) | Total Assets (Fixed Assets+Current Assets) | 7,078 | 0.36 | 11,365 | 0.58 | 1,623,083 | 82.57 | 8,068 | 0.41 | 7,888 | 0.40 |
| (d) | Total Liabilities (Debts + Current Liabilities) | - | - | 3,816 | 0.19 | 906,722 | 46.13 | 3,816 | 0.19 | - | - |
| (e) | Details of Investments (except in case of Investment in subsidiaries) | - | - | - | - | - | - | - | - | - | - |
| (f) | Turnover (Including Other Income) | - | - | - | - | 1,639,138 | 78.53 | - | - | - | - |
| (g) | Profit before Taxation | (3,297) | (0.16) | (9,066) | (0.43) | (796,448) | (38.16) | (9,052) | (0.43) | (4,647) | (0.22) |
| (h) | Provision for Taxation | - | - | - | - | (301,801) | (14.46) | - | - | - | - |
| (i) | Profit after Taxation | (3,297) | (0.16) | (9,066) | (0.43) | (494,647) | (23.70) | (9,052) | (0.43) | (4,647) | (0.22) |
| (j) | Proposed Dividend | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

## DETAILS OF SUBSIDIARY COMPANIES (2011-12) (Contd.)

| | | Jubilant Life Sciences International Pte. Ltd. | | Jubilant Innovation (BVI) Ltd. | | Jubilant Innovation Pte. Ltd. | | Draximage Ltd., Cyprus | | Draximage Ltd., Ireland | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | USD | ₹/million | USD | ₹/million | USD | ₹/million | USD | ₹/million | USD | ₹/million |
| (a) | Capital | 430,003 | 19.57 | 13,195,000 | 621.68 | 2,589,301 | 120.53 | 3,270 | 0.15 | 700,004 | 33.48 |
| (b) | Reserve and Surplus (adjusted for debit balance in Profit & Loss Account where applicable) | (324,169) | (14.18) | (1,898,559) | (46.97) | (1,975,923) | (89.33) | 2,991,422 | 152.20 | (245,334) | (10.35) |
| (c) | Total Assets (Fixed Assets+Current Assets) | 112,203 | 5.71 | 11,100,781 | 564.75 | 10,477 | 0.53 | 9,114 | 0.46 | 479,159 | 24.38 |
| (d) | Total Liabilities (Debts + Current Liabilities) | 6,369 | 0.32 | 887,654 | 45.16 | 257,560 | 13.10 | 17,667 | 0.90 | 24,489 | 1.25 |
| (e) | Details of Investments (except in case of Investment in subsidiaries) | - | - | - | - | - | - | - | - | - | - |
| (f) | Turnover (Including Other Income) | - | - | - | - | - | - | - | - | - | - |
| (g) | Profit before Taxation | (12,388) | (0.59) | (1,882,311) | (90.18) | (1,933,845) | (92,651.00) | (320,183) | (15.34) | (11,274) | (0.54) |
| (h) | Provision for Taxation | - | - | - | - | - | - | - | - | - | - |
| (i) | Profit after Taxation | (12,388) | (0.59) | (1,882,311) | (90.18) | (1,933,845) | (92,651.00) | (320,183) | (15.34) | (11,274) | (0.54) |
| (j) | Proposed Dividend | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

**DETAILS OF SUBSIDIARY COMPANIES (2011-12) (Contd.)**

| | | Draximage LLC | | Jubilant Draximage (USA) Inc. | | Deprenyl Inc., USA | | Jubilant DraxImage Inc. | | 6963196 Canada Inc. | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | USD | ₹/million | USD | ₹/million | USD | ₹/million | CAD | ₹/million | CAD | ₹/million |
| (a) | Capital | 65,000 | 3.05 | 9 | - | 15 | 0.00 | 130,365,215 | 5,689.90 | 2,500 | 0.11 |
| (b) | Reserve and Surplus (adjusted for debit balance in Profit & Loss Account where applicable) | (49,221) | (2.25) | (454,411) | (23.12) | 2,731,418 | 138.96 | 38,550,938 | 2,931.60 | (13,342) | (0.66) |
| (c) | Total Assets (Fixed Assets+Current Assets) | 16,560 | 0.84 | 579,660 | 29.49 | 3,338,633 | 169.85 | 224,726,039 | 11,469.90 | 1,862 | 0.10 |
| (d) | Total Liabilities (Debts + Current Liabilities) | 781 | 0.04 | 1,034,062 | 52.61 | 607,200 | 30.89 | 55,837,043 | 2,849.70 | 12,704 | 0.65 |
| (e) | Details of Investments (except in case of Investment in subsidiaries) | - | - | - | - | - | - | 22,155 | 1.10 | - | - |
| (f) | Turnover (Including Other Income) | - | - | 2,000,000 | 95.82 | 577,759 | 27.68 | 32,689,425 | 1,577.30 | - | - |
| (g) | Profit before Taxation | (1,230) | (0.06) | 297,932 | 14.28 | 577,734 | 27.68 | 1,971,175 | 94.90 | (11,811) | (0.06) |
| (h) | Provision for Taxation | - | - | - | - | 207,984 | 9.97 | (621,666) | (30.00) | - | - |
| (i) | Profit after Taxation | (1,230) | (0.06) | 297,932 | 14.28 | 369,750 | 17.71 | 2,592,841 | 124.90 | (11,811) | (0.06) |
| (j) | Proposed Dividend | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

## DETAILS OF SUBSIDIARY COMPANIES (2011-12) (Contd.)

| | | 6981364 Canada Inc. | | DAHI Animal Health (UK) Ltd. | | Draximage (UK) Ltd. | | Jubilant Innovation (USA) Inc | | Jubilant Innovation (India) Ltd. | Jubilant DraxImage Ltd. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | CAD | ₹/million | GBP | ₹/million | GBP | ₹/million | USD | ₹/million | ₹/million | ₹/million |
| (a) | Capital | 2,500 | 0.11 | 1 | - | 1 | - | 360,000 | 16.30 | 0.50 | 0.78 |
| (b) | Reserve and Surplus (adjusted for debit balance in Profit & Loss Account where applicable) | (1,879) | (0.07) | (2,207) | (0.18) | - | - | 46,450 | 4.38 | 3.29 | (3.34) |
| (c) | Total Assets (Fixed Assets+Current Assets) | 97 | 0.01 | - | - | 1 | - | 656,525 | 33.40 | 3.89 | 19.67 |
| (d) | Total Liabilities (Debts + Current Liabilities) | 1,937 | 0.10 | 2,206 | 0.18 | - | - | 250,075 | 12.72 | 0.10 | 22.23 |
| (e) | Details of Investments (except in case of Investment in subsidiaries) | 2,461 | 0.13 | - | - | - | - | - | - | - | - |
| (f) | Turnover (Including Other Income) | - | - | - | - | - | - | 396,458 | 18.99 | 1.11 | 72.14 |
| (g) | Profit before Taxation | (1,597) | (0.08) | - | - | - | - | (324,622) | (15.55) | 0.03 | (6.54) |
| (h) | Provision for Taxation | - | - | - | - | - | - | (33,605) | (1.61) | (0.13) | - |
| (i) | Profit after Taxation | (1,597) | (0.08) | - | - | 0 | 0 | (291,017) | (13.94) | 0.16 | (6.54) |
| (j) | Proposed Dividend | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

**DETAILS OF SUBSIDIARY COMPANIES (2011-12) (Contd.)**

| | | Draxis Pharma LLC. | | Jubilant HollisterStier Inc. (Formerly Draxis Pharma Inc) | | Generic Pharmaceuticals Holdings Inc. | | Jubilant Life Sciences (Switzerland) AG, Schaffhausen | | Jubilant Drug Discovery & Development Services Inc., Canada* | | First Trust Medicare Pvt. Limited* | Vanthys Pharmaceuticals Development Pvt Limited* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | USD | ₹/million | USD | ₹/million | USD | ₹/million | CHF | ₹/million | CAD | ₹/million | ₹/million | ₹/million |
| (a) | Capital | 250,100 | 11.64 | 26,825,600 | 1,218.22 | 2 | 0.00 | 100,000 | 4.70 | 50,000 | 2.45 | 1.00 | 225.00 |
| (b) | Reserve and Surplus (adjusted for debit balance in Profit & Loss Account where applicable) | (221) | 1.07 | (8,127,468) | (266.95) | 33,453,073 | 1,701.93 | (11,516) | 0.29 | 38,255 | 1.84 | 5.50 | (182.94) |
| (c) | Total Assets (Fixed Assets+Current Assets) | 247,462 | 12.59 | 532,527 | 27.09 | 100 | 0.01 | 122,965 | 6.93 | 188,168 | 9.60 | 0.01 | 61.66 |
| (d) | Total Liabilities (Debts + Current Liabilities) | - | - | 93,987,872 | 4,781.63 | - | - | 34,481 | 1.94 | 99,913 | 5.31 | 0.04 | 19.60 |
| (e) | Details of Investments (except in case of Investment in subsidiaries) | - | - | - | - | - | - | - | - | - | - | - | - |
| (f) | Turnover (Including Other Income) | 266 | 0.01 | 3,030,898 | 145.21 | - | - | 301,045 | 16.35 | 705,061 | 34.02 | - | 82.56 |
| (g) | Profit before Taxation | 86 | 0.00 | (617,822) | (29.60) | - | - | (11,516) | (0.63) | 52,048 | 2.51 | (0.04) | (45.85) |
| (h) | Provision for Taxation | - | - | - | - | - | - | - | - | 13,793 | 0.67 | - | - |
| (i) | Profit after Taxation | 86 | 0.00 | (617,822) | (29.60) | - | - | (11,516) | (0.63) | 38,255 | 1.84 | (0.04) | (45.85) |
| (j) | Proposed Dividend | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

**Notes:**

1. *Jubilant Drug Discovery & Development Services Inc., Canada, First Trust Medicare Pvt. Limited and Vanthys Pharmaceutical Development Pvt Limited became subsidiaries during the year

2. In terms of the general exemption granted by the Government of India vide its general circular no. 2/2011 dated February 08, 2011, from attaching the Directors' Reports, Balance Sheets, Profit & Loss Accounts and other particulars of the subsidiaries, the same have not been attached to this Report. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information upon request by any member of the Company or its subsidiary companies. The Annual Accounts of the subsidiary companies will also be kept open for inspection by any member at the registered office of the Company and the subsidiary companies during business hours.

**Jubilant Life Sciences Limited**

**Registered Office:** Bhartiagram, Gajraula, Distt. Jyotiba Phoolay Nagar - 244 223, Uttar Pradesh, India
**Corporate Office:** 1A, Sector 16A, NOIDA - 201 301, Uttar Pradesh, India

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