



A JUBILANT TOMORROW



CORPORATE SUSTAINABILITY REPORT 2003-2004

Sustainability Policy

We at Jubilant Organosys Ltd., India's largest speciality chemicals company and one of the country's leading CRAMS & API companies, having business interests in pharmaceuticals & life science chemicals, performance chemicals and industrial chemicals, believe in the sustainability of growth.

Our approach to sustainable development focuses on the triple bottom lines of Economic, Environment and People.

As a business entity, we aim at improving stakeholder value through improved eco-efficiency of operations, economic upliftment of the communities we operate in, and the efficient use of capital and natural resources.

The nature of our activities makes efficient utilisation of resources, environmental protection, operational and transportation safety and employees health, significant components for long-term sustainability of our business and we stand committed to these.

Being a responsible corporate citizen, we understand our role towards society. We encourage and practice open dialogue with all our stakeholders and value their considered opinion, reflecting them in our strategic plans. We also recognise that development and empowerment of our human resources are crucial to achieving the our stated objectives.

We shall adopt a structured approach for the implementation of the policy and regularly monitor the progress.



Shyam S Bhartia
Chairman &
Managing Director



Hari S Bhartia
Co-Chairman &
Managing Director

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Observations from Ernst & Young

At the request of Jubilant Organosys Ltd., we have reviewed the contents of this report “A Jubilant Tomorrow – Corporate Sustainability Report 2003-04” to provide assurance on the environment, health and safety (EHS) and social information reported. In the absence of statutory requirement in India for the preparation and publication or a generally accepted international standard relating to verification of corporate sustainability report, we have undertaken a review process employing a series of customized work steps.

Our conclusions in relation to responsiveness, materiality and completeness are summarized in the Assurance Statement at the end of the report. A selection of specific observations, based on our visits to operational sites, has been included on the relevant pages of this report.

Chairmen's Message

We are pleased to present to you Jubilant's second report on Corporate Sustainability. Since we published our first public report - "March Towards Sustainability" - in 2003, we have made significant progress in our journey towards the long-term sustainability of our business.

Though the Company performed well in all areas of activity during the year, we did have a setback too. There was one fatal accident when the life of a contract labourer was lost. This is a matter of great concern to us. To avoid such incidents in future and further tighten safety in our plants, we have initiated interactions with leading international safety experts. The experts would study our manufacturing sites and recommend plans for further improving the safety performance in the Company.

Our efforts towards identifying various stakeholders in business and engaging them to get actionable feedback, continued during the year under review. The interactions covered a wide spectrum of stakeholders including customers, shareholders, financial institutions, funding agencies, suppliers, employees, government and non-government organisations, industry associations, research institutes and communities around our manufacturing facilities. Feedback from such engagement help us firm up our business strategies, keeping in mind our objective of attaining sustainability.

The stakeholder engagement resulted in the proactive step taken by the Company to address the issues related to REACH (Registration, Evaluation and Authorisation of CHemicals) - the proposed legislation in the European Union likely to be implemented by 2006 for the manufacture and import of chemicals.



The implementation of the regulation would mean an additional burden to Indian industries exporting chemicals to the EU. One senior officer from the Company attended a conference in Amsterdam to understand the implications of the regulation and the steps to be taken to face the same. A special group has been constituted in the Company to address issues related to REACH, so that the likely threat may be converted to an opportunity.

The optimisation of resources continued to be the corner stone of Jubilant's contribution towards the goal of sustainable development. During the fiscal year 2003-04, several initiatives were taken towards energy and water conservation, as well as in the reduction in specific raw material consumption.

As a responsible corporate citizen, we are committed to fulfilling our social responsibilities while continuing to grow economically. During the year, Jubilant's team, dedicated to implementing the Company's social plans, was strengthened and several initiatives were taken, which have been outlined in this report.

Since we last reported to you on our sustainability efforts, much has changed. Jubilant Organosys has evolved from being the country's largest Speciality Chemicals Manufacturer to a leading Custom Research and Manufacturing Services (CRAMS) and Active Pharmaceutical Ingredients (API) player. This year's report covers four manufacturing facilities, including the API facility at Nanjangud near Mysore, which was added in March 2003. Therefore, some of the information pertaining to aggregate energy and other resources consumption provided in this report may not be strictly comparable to that of last year.

You will recall that we had made certain commitments in our report last year. We are happy to report to you that we have fulfilled most of those commitments and made significant progress on the others. Details of the progress made on each of these are presented in this report.

The progress that we have made across all aspects of corporate sustainability gained recognition by industry bodies and other government and non-government agencies during FY 2004 in the form of awards and certifications. These included the Golden Peacock Award for Innovation Management from the Institute of Directors, the Greentech Environment Excellence Award and the Energy Conservation Award (Chemical sector) for Gajraula unit from the Government of India. Jubilant's Gajraula manufacturing facility received certification for ISO 14001 in environmental management system and OHSAS 18001 in occupational health and safety systems during the year.

Keeping in line with the international trend, we are pleased to present this year's report largely in the GRI reporting format. We welcome your thoughts and ideas on how we can continue our march towards sustainability and "A Jubilant Tomorrow".



Shyam S Bhartia
Chairman & Managing Director



Hari S Bhartia
Co-Chairman & Managing Director

1

Our Vision

Our vision is:

- To be among the top 10 most admired companies to work for
- To maintain and acquire the 1st or 2nd leadership position in our chosen areas of business in India
- To expand our position of leadership in India to establish a global presence
- To continuously achieve a return on invested capital of at least 10 percentage points higher than the cost of capital

While fulfilling our vision, our **Promise** to all stakeholders is of "**Caring, Sharing, Growing**"

"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"

Our Vision is driven by our Values, which are



■ Our Teamwork

"We will carefully select, train and develop our people to be creative, empower them to take decisions, so that they respond to all customers with agility, confidence and teamwork".



■ Our Efficiency

"We stretch ourselves to be cost effective and efficient in all aspects of our operations and focus on flawless delivery to create and provide the best value to our customers".



■ Our Knowhow

"By sharing our knowledge and learning from each other and from the markets we serve, we will continue to surprise our customers with innovative solutions".



■ Our Delivery

"With utmost care for the environment and safety, we will always strive to excel in the quality of our processes, our products and our services".

This report is the second public report proactively issued by Jubilant Organosys. The reporting period is April 2003 - March 2004 (FY 2004), and is prepared on an annual basis. The reporting structure is different from last year's report, as an attempt has been made to adhere to the Global Reporting Initiative format, a globally accepted reporting benchmark. However, this year's report does not fully meet the "in accordance" conditions mentioned in Part-A of Sustainability Reporting Guidelines 2002 published by GRI. In order to ensure comparability, the significant indicators reported in the previous report have been covered as also some additional indicators as specified in GRI guidelines.

This report covers all the four manufacturing facilities of Jubilant Organosys located at Gajraula, Nira, Samlaya and Nanjangud. The Nanjangud facility, added to the Company in March 2003, was not covered in the earlier report. Encompassing the three dimensions of sustainability - economic, environmental and social - this report provides an update on the progress made and new initiatives undertaken, during the year to attain sustainability.

The product categories have been redefined during the year keeping in line with the changing product profile of the Company. The new categorisation is mentioned in the section on Facts about the Company.

This report has been verified by an external agency - M/s Ernst & Young Pvt. Ltd. - and their 'Assurance Statement' is included in this document.

For any further information you may visit Jubilant's website www.jubl.com or contact A K Ghose at the Company's corporate office address or email him at ashok_ghose@jubl.com.

Observations from Ernst & Young

The scope of our work was limited to visits to the Jubilant Organosys head office at NOIDA and its two major manufacturing locations, Gajraula and Nanjangud; the other manufacturing facilities at Samlaya and Nira were not visited by us.

The GRI reporting elements included in this report are mentioned below:

GRI Element No.	Description	Page No.
1	Vision	
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5	Performance indicators	
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Observations from Ernst & Young

Though some of the key performance indicators as per GRI guidelines are listed and reported, the report needs to address all the indicators to be “in accordance” conditions mentioned in Part-A of Sustainability Reporting Guidelines 2002 published by GRI.

Global leader

Jubilant Organosys Ltd. is one of the largest Custom Research and Manufacturing Services companies and a leading manufacturer of select Active Pharmaceutical Ingredients in India, delivering products and services to the global life sciences industry by leveraging its R&D expertise, knowledge-driven operations and global scale manufacturing capacities. The Company's global positions for leading products are as under:

Global positions		
Pharmaceuticals & Life Science Chemicals	Pyridine and its derivatives	2
	Carbamazepine	2
	Citalopram	3
	Solid PVA	3
Performance Chemicals	V P Latex	6
Industrial Chemicals	Acetaldehyde	6
	Ethyl Acetate	8
	Acetic Anhydride	8

Financially strong

Jubilant Organosys is a Rs. 11.8 billion company in terms of revenues with net sales of Rs 8.58 billion and net profits of over Rs. 802 million. The Company's net worth as on 31 March 2004 is Rs. 2.09 billion. Jubilant's financial position, on an overall basis, is robust and growth oriented.

Well-defined strategy and optimal business structure

The Company's businesses include pharmaceuticals & life science products, performance chemicals and industrial chemicals for diverse industries like pharmaceuticals, agrochemicals, textile, construction, food & beverages and paper & packaging. The Company has 1980 employees, of which 1136 are executives and the rest are workmen.

Jubilant's business operations are organised into three distinct business divisions:

- Pharmaceuticals and Life Science Chemicals
- Performance Chemicals
- Industrial Chemicals

Each of these business divisions is further structured into multiple Growth Units (GUs) that act as independent profit centres. These GUs are supported by functional units like HR, Environment, Finance, etc.

The following table provides a snapshot of the Company's business divisions and GUs:

Business Divisions	Growth Units (GUs) Segments	End Use Industry
Pharmaceuticals & Life Science Chemicals	Custom Research & Manufacturing Services (CRAMS) Drug Discovery Services Active Pharmaceutical Ingredients (APIs) Food Polymers	Pharmaceuticals Agrochemicals Food
Performance Chemicals	Industrial Products Consumer Products	Construction Paper & Packaging Textiles Tyres Footwear Beverages
Industrial Chemicals	Organic Intermediates Agrovet	Pharmaceuticals Agrochemicals Textiles Packaging Construction Animal Health

Knowledge-based, research driven business focus

Jubilant has long-standing experience in the manufacture of acetyl-based chemicals and has established itself as a domestic market leader in this segment. The strong base that Jubilant has established in the bulk chemicals business has enabled it to rapidly define and pursue a strategy of leveraging its inherent expertise and capabilities to evolve into a high-value pharmaceuticals and speciality chemicals producer on a global scale. Across its business divisions, Jubilant is focusing on enhancing the contribution of the Life Science Industry component, which would help society at large.

Emphasis on R&D

Jubilant has a strong R&D focus and has significantly invested into building this function into a key global competitive advantage. The Company's R&D efforts are directed towards the development of application-specific products that have a large commercial potential, both in the domestic and international markets. The efforts also help in developing products and processes, which have higher eco-efficiency and are environmentally safe. Jubilant's investments in R&D have seen a quantum increase from 1.2% of net sales in FY 2003 to 3% of net sales in FY 2004. This also compares favourably with global players - both given the Company's size of operation and the low cost of conducting R&D in India. Jubilant currently has over 150 scientists working at its multiple R&D facilities, of which the new R&D centre at NOIDA is the largest. The Company is further expanding its R&D facility and has taken an additional 80,000-sq ft. space for research in the areas of API, fine chemicals and chemistry services.

Global customer relationships

Jubilant has a very effective mechanism to enable it to engage with and understand customers' requirements. This provides the Company a strong global competitive advantage in terms of its application-based R&D expertise and integrated manufacturing capabilities, which has enabled it to become one of India's largest CRAMS companies and the country's largest exporter of Speciality Chemicals. The Company's exports were Rs. 2.29 billion in fiscal 2004.

Four modern manufacturing facilities

Jubilant has four modern manufacturing facilities at Gajraula (near New Delhi), Nira (near Pune, Maharashtra), Samlaya (near Vadodara, Gujarat) and Nanjangud (near Mysore, Karnataka).

The Gajraula facility is the Company's largest manufacturing unit. It produces acetyls, pyridines, fine chemicals, performance chemicals (except latex), speciality gases, fertilisers and agrochemicals. It also has India's largest distillery. The Nira facility's product line includes acetyls and speciality gases. The Samlaya manufacturing facility produces latex and animal feed additives. The Nanjangud facility manufactures Active Pharmaceutical Ingredients.

Global footprint

Jubilant's corporate headquarters are at NOIDA (near New Delhi). It also has a subsidiary in the US and a marketing office in China. Information on the Company's corporate, manufacturing and international office addresses and locations are provided at the end of this report.



Eminent and well-represented Board of Directors

Jubilant has a well-represented Board of Directors comprising eminent professionals in their chosen fields. They bring to the Company extensive experience in establishing and leading diverse businesses and long-term strategic relationships. The Board has a fair representation of executive, non-executive and independent directors, which is imperative for a vital and balanced perspective of the organization. This emphasis on an independent perspective of the Board is further reinforced by the fact that 80% of the board members are non-promoters. The Board provides broad strategic direction to the management and oversees the corporate governance practices. The Board consists of ten directors including two Managing Directors, three Executive Directors and five independent Non Executive Directors. Board members head the following committees:

The **Audit Committee** was initially set up on November 29, 1996. Currently, it comprises three independent Non-Executive Directors: Mr Bodhishwar Rai, Mr Arabinda Ray and Mr Surendra Singh. Mr Rai is the Chairman of the Committee. The Constitution of Committee also meets the requirements of Section 292A of the Companies Act. The Scope of the Audit Committee includes:

- Review of the Company's financial reporting process, the financial statements and financial/risk management policies;
- Review of the adequacy of internal control systems and functioning of internal audit team;
- Discussions with management and the external auditors, the audit plan for the financial year and post audit review of the same; and
- Recommending the appointment and removal of the external auditor and the fixation of the external auditor's fee.



The **Remuneration Committee** consists of Mr Surendra Singh, Mr Arabinda Ray and Mr Bodhishwar Rai. Mr Ray is the Chairman of the Committee. It is authorised to decide and approve the remuneration of the Directors.

The **Investors' Grievance Committee** is comprised of Mr Surendra Singh, Mr Bodhishwar Rai and Mr S N Singh as members. Mr Surendra Singh is the Chairman of the Committee. The Board of Directors has been formed to address and approve matters relating to the transfer/transmission of shares, issue of duplicate certificate, non - receipt of balance sheet, non-receipt of dividend and the general review/ redressal of investor grievances.

The Company prepares and voluntarily discloses its financial statements in accordance with Generally Accepted Accounting Principles in the United States of America (US GAAP) and has engaged KPMG for its audit. This is to bring in transparency in line with the international best practices.

Identification and management of sustainability risks and opportunities

The Company conducts a strategy meet on an annual basis to frame and fine-tune growth strategy by identifying emerging risks and opportunities. The strategy meet is comprehensive in nature and covers all business and functional units. Business and functional heads attend the meet and present budgets for the next year and rolling plans for the next three years and report on the progress made during the current year. The Board of Directors actively participates in these sessions and reviews the business plans, following which the overall corporate strategy is discussed, re-shaped or fine-tuned.

Stakeholder engagement forms an integral part of the strategy setting as respective Business and Functional units form their strategy after detailed interaction with their respective stakeholders. The details of how to manage the risks and exploit the opportunities are then prepared by the respective units based on the overall corporate strategy.

The overall progress on sustainability efforts is reviewed at the highest level within the organisation by a committee with the following members on board:

Sustainability Committee	
Chairman & Managing Director	Shyam S Bhartia
Co-Chairman & Managing Director	Hari S Bhartia
Executive Directors	S N Singh
	S Bang
	Dr J M Khanna
Chief Financial Officer	R Sankaraiah
Chief of Human Resources	Chandan Chattaraj
Chief of Manufacturing	Tapan Dutta
Chief of Environment, Health & Safety	A K Ghose

Stakeholders engagement

The business and functional units hold detailed brain storming sessions to identify stakeholders and how to engage them to get useful information. The engagements are sometimes structured and formal like those with providers of capital, employees etc. while it could be informal and on a one-to-one basis for customers, government bodies, research institutes, industry associations etc. It is both formal and informal for stakeholders like communities and suppliers. The feedback from such interactions get reflected in the action plan. For example, during the year under review the focus areas for our community work were modified and the Community Development team was strengthened to intensify interaction.

Customers: The Company is in constant touch with its global and domestic customers in order to understand their needs, provide optimal solutions and services, and scale up existing relationships. The Custom Research and Manufacturing Services business specifically necessitates close working with customers to deliver services and products conforming to their unique requirements and preferences.

Shareholders and providers of capital: Jubilant Organosys and its management team regularly interact with shareholders and financial institutions. The Company maintains a high level of transparency in sharing information with its shareholders and other financial audiences. Jubilant is listed in both of the major stock exchanges of India - The Stock Exchange, Mumbai (BSE) and the National Stock Exchange (NSE).

Communities: The communities around all the four manufacturing facilities are important stakeholders for the Company. Several activities are conducted for the socio-economic upliftment of these neighbouring communities. These activities are detailed in this Report.

Suppliers: The Company maintains a close working relationship with all its major suppliers and conducts an annual meet with the suppliers to get their feedback which is used to fine-tune the Company's procurement strategy and the Supply Chain Management processes.

Workforce: Jubilant regards its workforce as a key enabler of business growth. The Company involves its direct workforce at different levels while preparing the action plans for the future. Their inputs are also considered in the development of long-term business strategy.

Non-government organisations (NGOs): The Company partners with several NGOs in implementing multiple community development programmes.

Local and national authorities: Jubilant Organosys regularly interacts with local and national authorities to ensure compliance with all state and central regulations and related norms.

Observations from Ernst & Young

We observed that there is a structured effort at Jubilant Organosys for stakeholder consultation in the process of sustainability management. Documentation of such engagements may be further standardized for collating the outputs.



Industry associations: Jubilant is an active member of industry associations like the Confederation of Indian Industry, Federation of Indian Chambers & Commerce, Associated Chambers of Commerce and Industry of India, Indian Drug Manufacturers Association, All India Distillers Association and Indian Chemicals Manufacturers Association. Several senior members of the Jubilant management team serve on and participate in, important forums in various industry bodies.

Research institutions: Jubilant has an established record of successful application-led R&D that plays a key role in driving the Company's strategy to become a high value player catering to the global life science industry. The Company also enjoys a vibrant relationship with reputed research organisations and academia, carrying out and supporting joint work in new fields.

Overarching policies and management systems

During the year under review, the Company became a signatory to the "Responsible Care" programme for the chemical industry. Under this programme, the Company publicly committed to adhere to certain guidelines related to safe storage, the handling and transportation of chemicals, ensuring process safety and close interaction with the community around its facilities to share information in these areas. In line with its policy to present performance in a globally-accepted matrix and reflect complete transparency in accounts and corporate governance, the Company has voluntarily taken the initiative of disclosing its results as per US GAAP (Generally Accepted Accounting Principles) for the year under review.

The Company is also a member of various associations mentioned earlier. Jubilant Organosys is ISO 9000 certified. All manufacturing facilities, except Samlaya, are also ISO 14001 certified. The Samlaya facility too has completed the process and is expected to be accorded ISO 14001 certification during next year. The implementation of Occupational Health and Safety System (OHSAS 18001), which was initiated in the previous year, has been completed during the year under review at the Gajraula and Nira facilities. Gajraula has also been certified while the certification audit for Nira has been completed. Work has been initiated for implementation of these systems at the remaining two facilities. The Carbamazepine plant of the API unit at Nanjangud has US FDA approval. In view of the several systems being implemented in the Company, a decision has been made to design and implement an integrated management system (IMS) covering quality, environment and health and safety.

A new organisation-wide initiative, Velocity, was launched during FY 2004 with a view to re-orient people and processes, aligning them with best global benchmarks. Jubilant's Velocity initiative is aimed at bringing about a positive cultural change within the organisation, with a sharp focus on customer-centricity, speed, quality and cost. This will entail implementation of process improvement methodologies and globally accepted best practices such as Total Quality Management (TQM), Six Sigma, cGMP and GLP throughout the value chain.



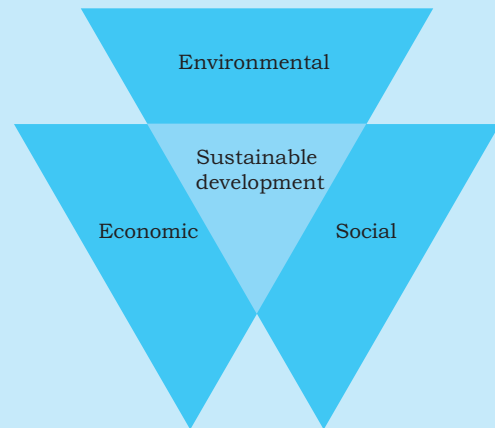
Observations from Ernst & Young

Jubilant Organosys has demonstrated a commitment to respond to EHS, social as well as sustainability challenges, as set out in this Report. This has been reflected in the prominence of these issues in the agenda of the Company's management. The EHS and social issues are integrated with the corporate decision-making process.

At Jubilant, we have embraced a three-dimensional path to sustainability:

Economic

- Continue to enhance value by achieving average return on invested capital higher than the weighted average cost of that capital
- Provide innovative products and cost effective solutions to customers
- Achieve competitive advantage to expand our leadership position in India and globally by achieving excellence in operational efficiency
- Maintain transparency in sharing information with suppliers, providers of capital, employees
- Increase eco-efficiency across all operations of the Company



Environmental

- Maximize use of renewable raw materials and non-conventional energy
- Conservation and reduction in quantum of energy & resources used
- Reduction and recycling of wastes
- Design and make products that are safe and environment-friendly
- Take utmost care of the environment and reduce the impact of our operations on it
- Actively participate in mitigating global environmental concerns

Social

- Train and develop our people to optimise their productivity
- Inspire confidence and empower them to take decision
- Open Dialogue - continue dialogue with employees, customers, Government agencies, trade associations and with communities around all our facilities
- Protect health and safety of our employees by encouraging and implementing best practices in occupational health and safety, process safety and transportation safety
- Contribute to and conduct activities that catalyse community development

This approach is in line with globally benchmarked GRI guidelines. A more detailed discussion of each of the afore-mentioned three dimensions to sustainability appears in the following pages.

Observations from Ernst & Young

Process for collection, collation and interpretation of non-financial historical data on EHS and social parameters are reliable for assessing company-wide sustainability performance in the context of the data reporting boundaries stated in the report. Our observations during selected audit trials support our positive assessment on data integrity and accuracy.

6.1

ECONOMIC PERFORMANCE

Highlights:

- Net Sales in FY 2004 at Rs. 8585 million grew by 20.8% as compared to Rs. 7105 million in the previous year
- Exports to regulated markets (USA, Europe and Japan) were 55% of total exports in FY 2004 as compared to 41% in the previous year
- The cost of molasses and alcohol, the key raw materials, as a percentage of net sales was 16.5% in FY 2004 as compared to 21.5% in the previous year, reflecting higher value addition during the manufacturing process
- Payments on due dates ensured through 95% of the contracts for supply of material paid through a letter of credit
- 29.6% increase in employee remuneration to Rs. 586.69 million
- 100% dividend on share of face value of Rs. 5 each as compared to 90% in the previous year
- Contribution to exchequer increased by 15.95% to Rs. 1053.04 million

6.1**Economic****Net Sales**

The revenue performance of Jubilant Organosys reflects the Company's evolving business profile, in line with its strategic direction to move up the value chain. The Net sales of the Company by product category are given in the following table.

Rs million

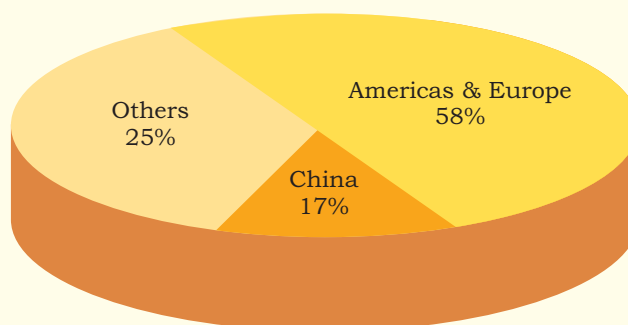
Product Category	FY 2003	FY 2004
Pharmaceuticals & Life Science Chemicals	1996.69	3208.71
Performance Chemicals	1357.83	1577.97
Industrial Chemicals	3750.81	3798.51
Total	7105.33	8585.19

Higher contribution from value added products and focus on high realisation markets have resulted in an increasing share of the Pharmaceuticals and Life Science Chemicals division and Exports in total net sales over the past few years.

Geographical breakdown of markets

In addition to being one of the leading CRAMS & API companies in India, Jubilant enjoys leadership positions across multiple product categories on a global scale. The Company has continued to reinforce its leadership positions in the global markets as well. Pharmaceuticals and Life Science chemicals account for the largest segment of Jubilant's exports, while other important export products are solid PVA, VP Latex, ethyl acetate and choline chloride.

The Company's primary export market is the Asia Pacific region and Europe, as shown in the chart, although with the thrust on Pharmaceuticals and Life Science Chemicals, Jubilant expects to make significant gains in the North American markets.

**Observations from Ernst & Young**

We understand that the financial data included in the "Economic" section of the Report is derived from Jubilant Organosys' internal financial records; we have not performed any procedures on this section of the Report.

Geographical breakdown of markets

Rs million

Region	FY 2003	FY 2004
India	5141.03	6300.19
Americas & Europe	1312.60	1312.60
China	311.19	390.70
Asia & Others	839.70	581.70
Total	7105.33	8585.19

Jubilant caters to diverse industry sectors such as pharmaceuticals, agrochemicals, construction, textile, confectionery and animal feed, which reduces and distributes its risk factors. The Company's customers include such leading companies as Syngenta of UK, Raschig GmbH, Beisterfeld and Rutgers (Germany), Aventis and Clariant (France), Dobfar (Italy), Teva Pharma (USA), Shanghai Energy and Xlamen (China), Wrigley's (France). Jubilant's products serve as critical inputs to its customers' processes and hence the Company is able to build long-term client relationships. Furthermore, its experience in international markets and its R&D expertise enables it to provide highly-customised product solutions, which significantly enhances value to its customers.

Jubilant is rapidly expanding its exports business, both by increasing the volume of current products exported as well as widening the range of products exported through application-based R&D. In the last five years, Jubilant's exports have grown at an annual compounded growth rate of 51%. Exports presently (FY 2004) account for about 26.6% of revenues.

Cost of goods, materials and services purchased

Overall manufacturing efficiency and integrated processes have contributed to higher value addition to the final product and this is manifested in relative insensitivity of the raw material cost to Jubilant's profitability. As Jubilant grows, it also provides growth opportunity for its business partners. Towards this end, the cost of goods, materials and services purchased by the Company during FY 2004 is tabulated on the next page.



Rs million

Item	FY 2003	FY 2004
Purchases & traded goods	47.76	231.06
Raw and process materials consumed	3012.34	3366.87
Power and fuel	746.12	907.41
Stores, spares, chemicals, catalyst & packaging material consumed	643.01	813.59
Processing charges	60.66	89.97
Advertisement, publicity & sales promotion	38.03	52.79
Printing & stationery	10.39	12.15
Communication expenses	28.78	35.88
Auditors remuneration	0.92	0.98
For taxation matters	0.19	0.27
For certification/advices	0.28	0.52
Out of pocket expenses	0.04	0.02
Legal, professional & consultancy charges	25.97	39.74
Freight & forwarding	87.45	180.04
Total	4801.94	5731.29

Contracts and payments to suppliers

The Company is prompt in payments and has maintained good relationships with its suppliers and service providers. The bulk of the materials purchased is either by advance payment or through Letters of Credit. Molasses, alcohol, rock phosphate, coal, oil and catalysts form the bulk of the value of purchases made by the Company. These form 95% of the value of purchases made by the Company and are paid in accordance with pre-established payment terms.

The continuous engagement with the suppliers has resulted in their suppliers agreeing to give the Company a minimum of 30 days credit. This has been achieved by demonstrating that the payments are made by the Company in accordance with the agreed terms.

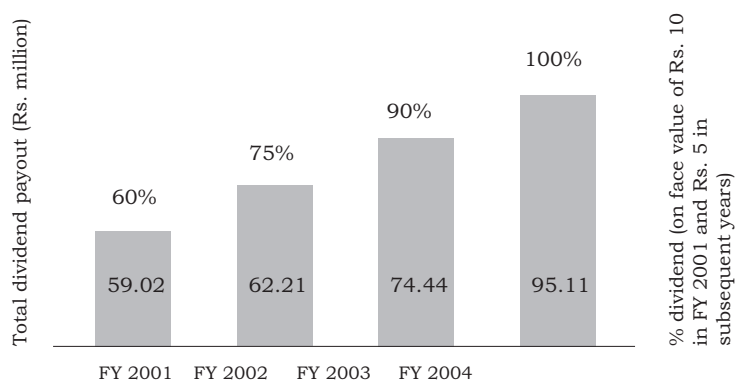
Total payroll and benefits to the employees

Jubilant has a stated objective of becoming one of the most preferred employers in India. The Company has put in place a growth-oriented human resources policy that includes employee compensation and benefits comparable to the best in industry. The breakdown of the payroll and the benefits to the employees across the organisation is as outlined in the table.

Item	FY 2003	FY 2004
Salaries, wages, bonus, gratuity & allowances	364.04	474.63
Contribution to provident fund & superannuation fund	49.75	60.20
Staff welfare expenses	38.85	51.86
Total	452.64	586.69

Distributions to providers of capital

Jubilant Organosys' goal is to reward shareholders and enable them to participate in its performance. In keeping with this, the Company has consistently paid dividends to shareholders. The dividend pay-out ratio over the past 4 years is indicated below:



Increase / decrease in retained earnings

During the year, the Company retained Rs. 706.95 million from its net profit of Rs. 802 million to support high-growth potential through capital expenditure planned in Pharmaceutical and Life Science Chemical Business division.



Taxes paid to the State

Jubilant's growth has been accompanied with a rise in the Company's contribution to the national exchequer in the form of taxes. Taxes accrued/paid to the government are detailed as under:

Rs million

	FY 2003	FY 2004
Corporate tax	160.15	176.86
Tax on distributed profits on equity shares	8.45	7.04
Central excise	739.61	869.14
Total	908.21	1053.04

Subsidies received

The Company receives subsidy from the Government for producing fertiliser, which is an Agrovet product. The subsidy received in FY 2004 is Rs 78.67 million.

6.2

ENVIRONMENTAL PERFORMANCE

- ISO 14001 & OHSAS 18001 for Gajraula and ISO 14001 for Nira
- Continued reduction in specific water consumption
- Additional energy from wastes
- Major expansion in bio composting activities
- Energy Conservation Award from Government of India
- Greentech Foundation Award for environmental excellence



6.2

Environmental

Total materials used other than water, by type

The use of replenishable agro products that are available in India, as the basic raw material to produce alcohol and other products up the value chain, enables Jubilant maintain its cost competitiveness at a global level while limiting the environmental impact of its operations. Additionally, overall manufacturing efficiency, integrated processes and the motivation to create wealth from waste contributes immensely to the Company's efforts to optimise its environmental bottom line, while contributing to the concept of Sustainable Development.

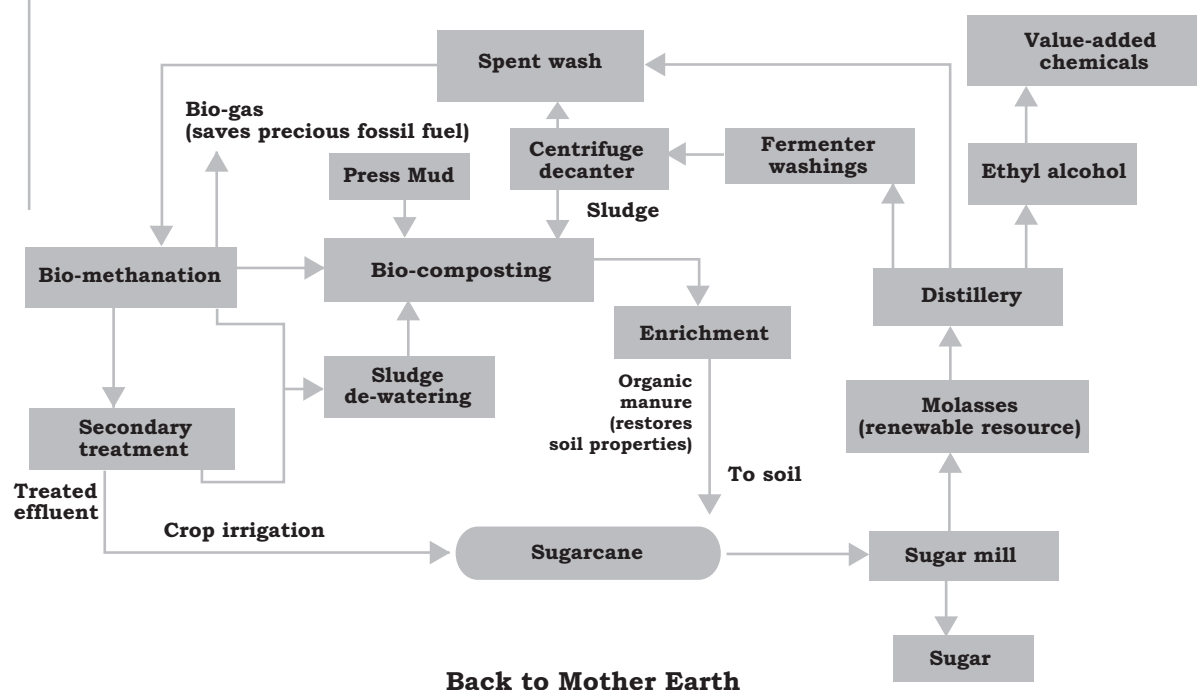
Raw Material	FY 2003	FY 2004
Molasses (MT)	552633	532660
Press mud (MT)	15622	60016
Alcohol (KL)	56243	51546
Process chemicals (MT)	25621	14804
Rock phosphate (MT)	73000	67102
Sulphur (MT)	30921	25452
Chemicals for feed additives (MT)	3479	3413
Latex chemicals (MT)	1389	1960
API chemicals (MT)	2935	4992

Raw materials which are wastes from other industries

A major part of the raw materials used at Jubilant's manufacturing facilities at Gajraula and Nira are waste products of the sugar industry. Utilisation of these materials also solves the waste disposal problem of the sugar industry. From molasses, the process of fermentation and distillation produces industrial alcohol that is further processed to produce a series of upstream, value added chemicals and products. The treatment of effluent of the above process produces biogas - a renewable energy source replacing fossil fuel. The biogas plant's effluent utilises press mud to produce bio-compost and organic manure.

The above complete loop describes how the "Back to mother Earth" concept is practised by the Company in its distillery operations. This system makes it possible to achieve zero waste which is a step in the direction of achieving the "Cradle to Cradle" approach for the distillery operation. By implementing this approach, the end products of all the streams are converted to useful products - biogas, bio-compost and nutrient rich effluent, which is used for ferti-irrigation. This is demonstrated in the following diagram.





Direct energy use segmented by primary source

Jubilant continuously strives to enhance its operating efficiencies and the efficient deployment of energy resources is one of the key drivers of such efforts. Usage of waste heat recovery and cogeneration approach ensures maximum utilisation of the energy input. Our achievements were recognised by the Government of India, when we were awarded the Energy Conservation award for the Chemical Sector during the year.

The Company is on a fast growth path. During the year, new products were added which are high value added products and need comparatively high levels of energy for their manufacture. Given below are the direct energy consumption figures:

Source	Parameter	Unit	FY 2003	FY 2004
Coal	Consumption	MT	177005	201253
	Energy	peta joule	2.760	3.132
LDO	Consumption	MT	3562	4449
	Energy	peta joule	0.143	0.179
RFO	Consumption	MT	16934	21928
	Energy	peta joule	0.740	0.958
HSD	Consumption	MT	132	257
	Energy	peta joule	0.005	0.010
FO	Consumption	MT	577	2338
	Energy	peta joule	0.022	0.09
Total Energy from Fossil fuels			3.670	4.373

In terms of absolute energy consumption the increase from FY 2003 to FY 2004 is because of the inclusion of API unit in FY 2004 reporting as well as introduction of high-energy consumption products. However, the figures of the specific energy consumption product category wise (which we shall report from this year onwards for better comparability) still remain within control due to various energy conservation initiatives taken up during the year.

During the fiscal year 2004 these were as follows:

Pharmaceutical & Life Science Chemicals	-	23.773 GJ/MT
Performance Chemicals	-	1.528 GJ/MT
Industrial Chemicals	-	3.882 GJ/MT

We are committed to continue our efforts to further improve the energy efficiency at our manufacturing locations and look forward to reporting the progress to you in our future reports.

Indirect energy use

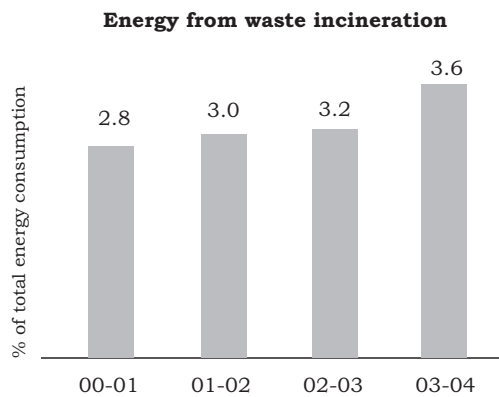
At the Gajraula manufacturing facility there is no indirect energy use for manufacturing. However, at the Company's other three manufacturing facilities - Nira, Samlaya, and Nanjangud - utility agencies and state electricity boards supply electrical power. Jubilant works continuously to operate in line with best practices related to energy in each of its business segments. The total electrical energy purchased by the Company is tabulated below:

Source	Unit	FY 2003	FY 2004
Power purchased	KWH	34716348	42673371
Energy purchased	peta joule	0.125	0.154
* Includes Nanjangud Plant			

Energy from waste incineration

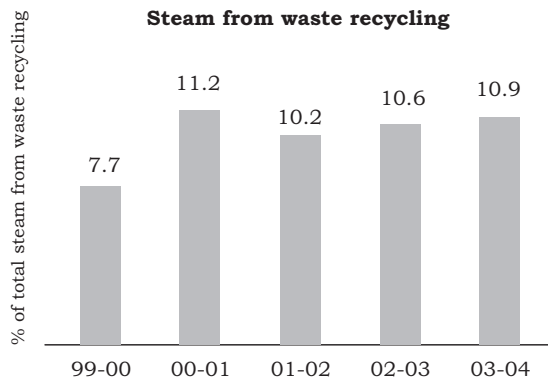
As mentioned in the previous year's report, an additional incinerator has been installed at our Gajraula facility, which has resulted in increased energy extraction from the incineration of wastes. The new incinerator enables us to handle our hazardous wastes in a responsible manner and at the same time, recover energy from incineration.

Source	Unit	FY 2003	FY 2004
Energy from waste	peta joule	0.159	0.203
Energy from Waste as % of total energy	peta joule	3.2	3.6



Waste heat recovery

The continued efforts to recover waste heat for productive purposes have yielded results, with steam obtained from recycling increasing in FY 2004.



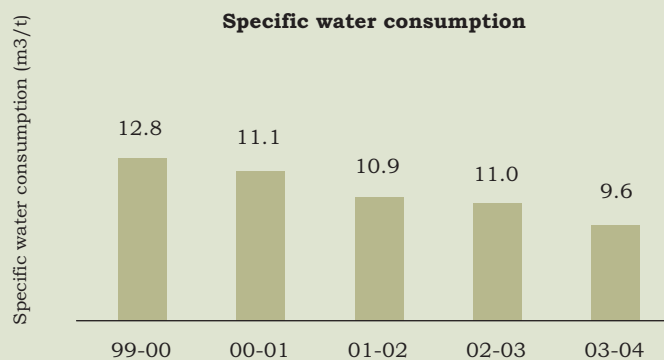
Total water use

The Company continued its efforts during the year to ensure optimal use of water for both direct and indirect usage in its process plants. Significant measures were taken to reduce consumption levels, recycle and re-use water in the manufacturing processes.

Observations from Ernst & Young

In our opinion, water management is an important issue and a significant sustainability criterion for Jubilant Organosys. Though we observed significant initiatives for water treatment and reuse, appropriate efforts towards reducing the consumption of water need to be strengthened. We felt that information from a structured water audit could strengthen efforts in this regard.





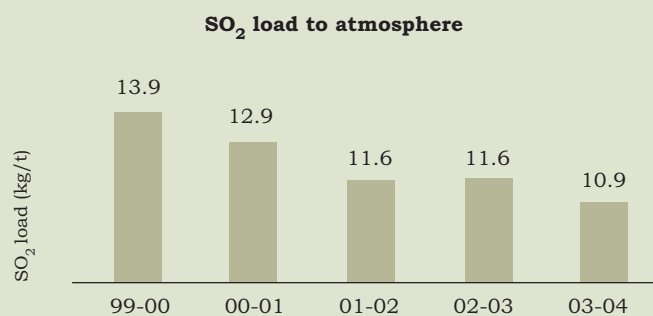
Water is also used for the dilution of the treated distillery effluent as per regulatory requirements at Gajraula.

Greenhouse gas emissions

As committed in our previous report, the accounting of GHGs from the Company's manufacturing locations, as well as Head Office was taken up and is nearing completion. This exercise will be continued by the Jubilant team and relevant information will be reported in next year's report.

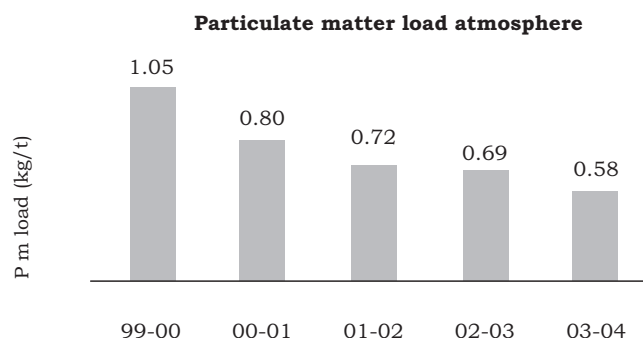
SO_x emissions

The efficient use of energy has enabled the Company to keep SO_x emissions from its manufacturing facilities under control.



Particulate matter emitted into atmosphere

Jubilant Organosys has successfully reduced the quantity of particulate matter discharged into the atmosphere over the past five years, achieving more than 35% reduction during that period. This has been achieved at a time when the Company has recorded rapid growth in its manufacturing operations.



Odour Management

Being a pharmaceuticals and chemicals manufacturer, odour management is a natural priority. In our ongoing efforts to address this issue 37 gas vents from the main odourous plant of Pyridine & Picoline at the Gajraula unit were connected to the incinerator during FY 2004. We continue to be engaged in our efforts towards this initiative.

Hazardous waste

Jubilant is aware of the problems associated with hazardous wastes. When the Company acquired the Nanjangud facility, it also inherited the liability of hazardous waste stored at the site. In order to address this, the Company installed an incinerator to manage solid and liquid hazardous wastes. This has resulted in reduction of stored hazardous waste by about 25% during the year in addition to addressing the current generation. We intend to increase the incineration capacity in order to liquidate the old stock of hazardous wastes and also meet future requirements.

At the Gajraula facility, an additional incinerator has been installed to manage the hazardous waste. Efforts are being made to reduce hazardous wastes at source itself. A new lined storage for hazardous wastes as per regulatory norms has been proposed at the Gajraula site to improve storage facilities.

Observations from Ernst & Young

We observed that hazardous waste management systems and practices have scope for improvement at both the locations, Gajraula and Nanjangud, visited by us. It would be pertinent for Jubilant Organosys to consider this matter beyond regulatory compliance, analyse the improvement opportunities, draw up an appropriate action plan and take up time-bound implementation programmes.



6.3

SOCIAL PERFORMANCE

Highlights

- New user-friendly TREM Cards
- Initiating preventive and curative health care for the community at Nanjangud
- Need assessment study for community work at all four locations
- HIV/AIDS awareness programmes at Gajraula and Nira
- More than 65,000 children administered pulse polio drops
- Basic health care provided to 18,000 persons from neighbouring community



6.3

Social

Breakdown of work force

In line with its stated objective of being regarded amongst the top 10 preferred employers in India, Jubilant continues to undertake several HR initiatives and is increasingly focusing on developing a dynamic and stimulating working environment. The Company has a culturally and geographically diverse employee community drawn from all parts of the country. Jubilant adheres to a firm policy of equal opportunity to all employees for professional growth and motivational stimulus, with no gender-based discrimination. It is our intention to create an environment where people can use all of their capabilities to support our business, and we have policies in place to support the realisation of the same.

SN	Location	Number of Employees full time	Number of Employees retained through contractors
1	NOIDA & Branches	536	78
2	Gajraula	775	601
3	Samlaya	125	90
4	Nira	275	115
5	Nanjangud	265	100
6	USA	1	-
7	China	3	-

Average turnover

Our average turnover is 9.3% for the organisation as a whole inclusive of all locations for various businesses, manufacturing and R&D set-up.

Employees represented by independent trade union

Primarily, our work force is concentrated at our manufacturing locations. The break-up of the work force at different locations covered by union/collective bargaining is tabulated below:

SN	Location	Number of Employees full time	Number of Employees covered by TU/ Collective Bargaining Agreements
1	NOIDA & Branches	536	None
2	Gajraula	775	380/380
3	Samlaya	125	41/53
4	Nira	275	186/186
5	Nanjangud	265	113/138

Health & Safety Committee

The Company has joint committees for health and safety. These committees meet on a regular basis zone-wise and have equal representation of workers and management. These meetings are fora where workers and managers discuss ways to ensure better workplace safety and chart out action-plans to bring about improvements. The functions of the Safety Committees are summarised as follows:

- Identify unsafe acts and conditions and suggest remedies
- Develop safety culture and comply with the Company's EHS policy
- Review accident records of various departments
- Investigate accidents and implement corrective action
- Enforce safety rules, procedures and accepted safe practices
- Initiate safety inspection rounds and of various shops and sections
- Encourage and enforce the use of PPEs
- Encourage safety suggestions from employees
- Reduce hazards factor and help develop safe behaviour of all employees

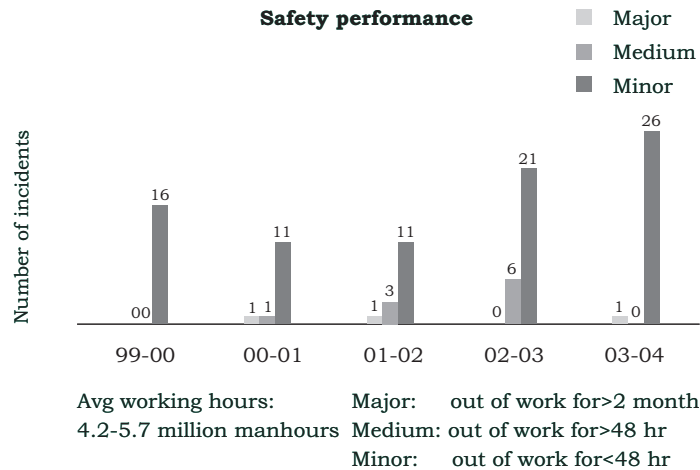
SN	Location	Composition	Coverage
1	Gajraula	The plant has been divided into 3 zones, and in each zone there are 7 workers and 7 management representatives	Safety Committees cover all 775 employees
2	Samlaya	7 workers and 7 management representatives comprise the Safety Committee	All the employees are covered under Safety Committee
3	Nira	9 members nominated by the management , 2 by the union and 7 from the plants	All the employees are covered under the Safety Committee
4	Nanjangud	Central and departmental Safety Committees have been formed comprising 20 management representatives and 15 workers	All employees are covered by this Committee

Standard injury, lost day and absentee rates

A stringent review of Company's emergency handling guidelines, periodic audits of the safety systems by external agencies and diligent implementation of their recommendations help keep focus on safety at its facilities. This helped in bringing a significant drop in medium accidents while the minor accidents have increased marginally.

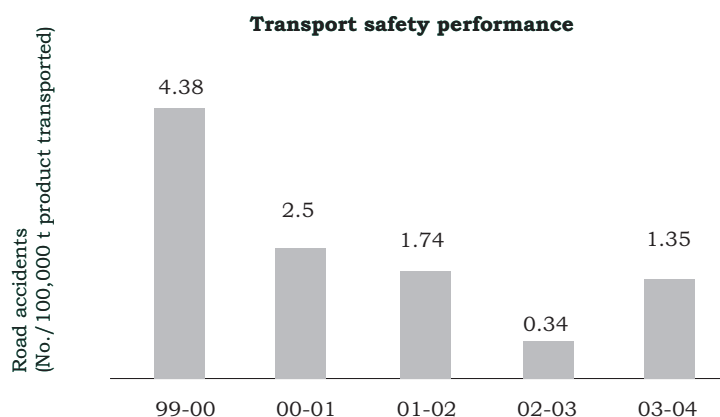
However, inspite of the precautions taken there was one fatal accident during the year involving a contract worker in the Gajraula facility. To prevent such incidences in future, the Company has aggressively taken up the issue with international safety experts.

The experts will study the existing safety practices and procedures at the manufacturing facilities. Thereafter they would recommend plans for improving safety performance at all manufacturing facilities, which will be implemented with immediate effect.



Transportation Safety

Jubilant's products are sent across the length and breadth of the country mostly by road transport. In most cases the transport belongs to contractors. The Company has a well entrenched system of checking road worthiness of the transports carrying its products as well as giving training to drivers and helpers on road safety and handling of emergency situations, should they occur during transport. New user friendly Transport Emergency Cards (TREM Cards) were developed and issued to all transports carrying the Company's products in FY 2004. However, during the year there were six incidents with transports belonging to contractors and carrying the Company's goods. The primary reason was non-adherence to recommended safe driving practices by the drivers. The Company plans to intensify training for drivers to minimise such incidents in the future.



Description of policies or programmes on HIV/AIDS

In addition to general health and well-being programmes conducted by the Company on an ongoing basis, and as an extension of its emphasis on health and socially responsive issues, Jubilant also conducts awareness programmes on critical infirmities such as HIV/AIDS for its employees and the surrounding community.

The Company has a stated policy on the issue:

"Organizations can thrive only if the community they operate in is healthy. We are committed to promoting community health through prevention and awareness building. HIV/AIDS is a key health focus area for Jubilant and we are promoting awareness regarding AIDS prevention amongst our employees, transporters and the communities around our areas of operations."

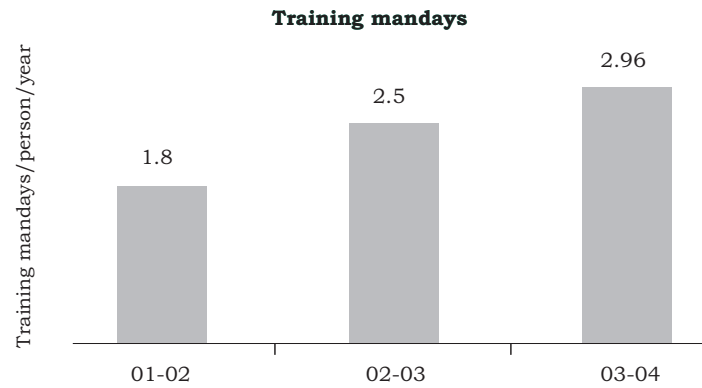
- Shyam S Bhartia,
Chairman & Managing Director

By developing and promoting an open and supportive communication system, the Company plays its role in the nationwide effort to check such infirmities. Among other activities, the Company organised a 4-day programme "HIV & YOU - An initiative for Migrant and Industrial Workers" during the year under review. The programme was conducted in collaboration with United Nations Development Program (UNDP), South and North Asia region and India Network of People Living with HIV & AIDS (INP+) at its Gajraula and Nira facilities.

Average hours of training per year per employee

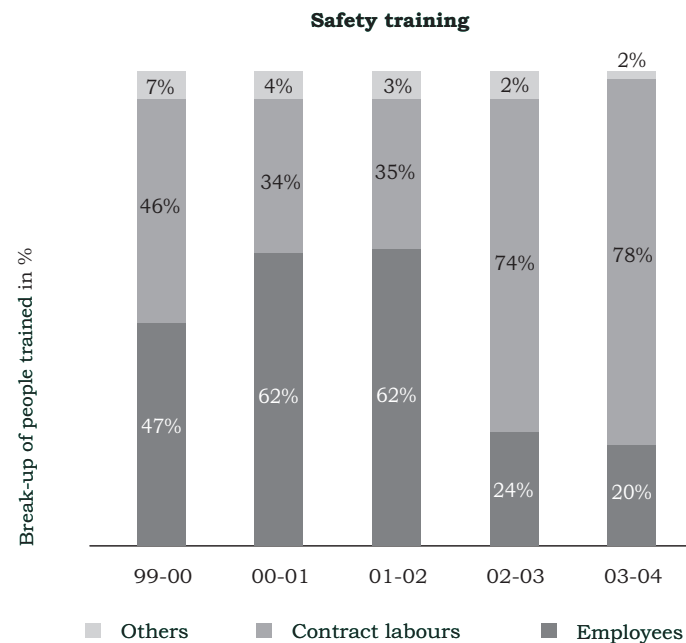
Jubilant believes that its human resource is its greatest asset upon which rests the organisation's vitality and progress. Employee development through intensive training programmes and capability enhancement sessions is a core aspect of the company's human resource policy. With the objective of enabling employees to optimise their productivity, Jubilant has continued to organise stimulating development programmes across a wide range of managerial aspects such as Organisational Behaviour, Marketing, Information Technology, Supply Chain Management and Environment, Health and Safety. These programmes include interactive and practical sessions in developing leadership skills and encouraging teamwork. Though the training mandays improved from 2.5 mandays/person/year (MPY) in FY 2003 to 2.96 MPY in FY 2004, it was slightly short of a target of 3 MPY for FY 2004. However, the targets will be met in the coming year as external training programmes have been identified.





Safety training

The Company conducts safety training on regular basis for its employees, contract workers and others. The percentage of contract labour trained during the year continues to be high since the Company is undergoing a major expansion of business activities. These expansion activities require a large labour force at the site and as a policy each contract labourer is imparted safety training before working on site.



Policy on excluding child labour

Jubilant Organosys is a progressive and fair employer. The Company, as a policy, employs individuals who meet certain criteria in terms of educational qualifications, professional capability and maturity. As a policy, it is ensured that no person under the age of 18 years is employed in the Company.

In order to ensure that this is being followed, the new candidate is required to submit a high school certificate which proves date of birth. In case the person is under age, he is not recruited.

Corporate Social Responsibility (CSR)

As a responsible corporate citizen, Jubilant is committed to contributing towards improving the quality of life of the community around its manufacturing facilities, whom it considers to be an important group of stakeholders. It has been proactively working along with the community in various areas of activities. From the experience gained over the years, Jubilant has identified the following focus areas for its CSR work:

Basic Health Care

Though the government has basic health care programmes, it falls short of requirement in many places in the country including those around the manufacturing facilities of the Company. Jubilant tries to bridge this gap by organising activities as under:

- The Company operates a Medical Centre each at Gajraula and Nira where more than 18,000 patients were attended to and provided basic medication during the year under review.
- The Company has initiated a comprehensive preventive and curative health programme in association with JSS Medical College at Nanjangud for the community surrounding its manufacturing facility. Under this programme, 739 patients were treated at the OPD and 52 patients at the JSS Hospital.
- A mobile dispensary operated at Gajraula, which covered more than 30 villages in the area catering to about 11,200 patients during FY 2004.
- Specialised Medical Camps were organised with supports from government and non-government organisations for dental care, eye care, hepatitis B, pulse polio and for the physically handicapped. The Company is happy to report that more than 65,000 children were administered pulse polio immunisation drops by its medical team during the year.
- With a view to eliminate malaria and other diseases associated with mosquitoes, the Company conducts fogging and anti-larval treatment in identified areas on a regular basis with the support of an external agency.



Building awareness for HIV/AIDS

Three highly successful awareness camps for HIV/AIDS were organised at Gajraula and Nira with the help from the UNDP. The camps at Gajraula covered 250 workmen, 150 executives and their families, 850-contract labour including drivers and cleaners of transports serving the Company and 120 persons from the neighbouring villages. At the Nira camp, 800 persons from amongst local residents, employees, and transporters were covered.



Women empowerment

Women are seen as active participants in community development activities. The 20 Self Help Groups (SHGs) jointly formed by Jubilant's Community Development staff and government agencies in 12 project villages, are a small informal association created for the purpose of enabling members to reap economic benefit through mutual help, solidarity and joint responsibility. This group-based approach enables poor women to accumulate capital by way of small savings and also provides access to formal credit facilities supported by block offices or local banks.

Due to minimum procedural formalities, the traction of small loans has been beneficial within the members of SHGs. The system is fully autonomous in the selection of beneficiaries. In addition to a flexible repayment schedule, it also enables the members to repay as per norms set by the Groups. The Groups ensure that there is prompt repayment of loans as that increases the possibility of securing repeat loans for income generating activities or other purposes.

Vocational training programme

Six vocational training programmes organised in 2 villages with 158 students, were a remarkable achievement in community development. These courses conducted by trained teachers enable students to enhance their skills that might help them generate income. Four students who have attended the course are now successfully running tailoring shops in their villages, contributing to their family income.



Non-formal education programme

Jubilant's Community Development Non-formal Education Programme, which is an organised activity outside the established formal system, intends to serve 101 adolescent and school dropouts in 4 centres in villages. A local teacher attends the 4 centres regularly teaching the basics of elementary education, enabling students to learn enough to read and write after 6 months duration.

Others

In addition to the above, several other activities were conducted during the year. The Company organised a veterinary camp for the cattle of villages around Nanjangud site. To encourage children to go to schools around our manufacturing sites and do well, the Company has instituted several awards for students performing well.

The farmers from a neighbouring community (52 farmers) around Gajraula site were taken on an educational tour to an agricultural university and a Kissan Goshti (farmer's workshop) was organised which was attended by 112 farmers.

More than 10 awareness training programmes were organised related to several aspects including hygiene and sanitation and better living practices along with support from local authorities.

At our Nira facility, the Company donated a plot of land to the neighbouring community for use as a cremation ground.

Procedures and processes for engaging the community in a dialogue

Jubilant Organosys is in regular touch with all its stakeholders, of which the surrounding community is a key component. The interactions with the community take place in two ways. The Company invites individuals from different cross-sections of the neighbouring community for open dialogues, where people discuss their needs and concerns. The Company also shares with them information on multiple initiatives that it intends to implement within the community. All efforts are made to factor in the community's views in the programmes being undertaken by the Company. The other form of engagement of the community is on a one-to-one basis. During such interactions, needs of the community are identified and the impact of the past activities are assessed. These meetings play an important role in enabling Jubilant to share detailed information with the community on various activities being carried out by the Company and to address a wide range of issues, thus establishing a two-way communication process.

Bribery & Corruption

At Jubilant, a strong set of values and guiding principles drive the human resources development function. All dealings within the organisation and with external parties including suppliers, vendors, customers and employees are conducted in a transparent manner, which ensures that long-term relationships are enhanced and strengthened. Towards this, Jubilant is committed to create an environment wherein high standards of professionalism and ethics are maintained at all times. The Company facilitates an attitude of openness that builds a feeling of trust amongst all and inculcates the virtues of integrity and accountability, and the enthusiasm and passion to excel. The Corporate Personnel Manual outlines the corporate conduct which should be adopted by employees including acceptance of gifts by the Company's employees.

When we last reported to you in 2003, we had made certain commitments for the year under review. These encompassed various aspects of our efforts towards achieving long-term corporate sustainability. We take pleasure in sharing with you our progressive performance in this regard, as summarised below:

Commitment	Performance
To conduct inventorisation of greenhouse gases from all locations	The inventorisation study was initiated during FY 2004.
To attain Zero Discharge status for Gajraula facility in the next three years	With the objective of attaining Zero Discharge status for the Gajraula site the company has conducted a detailed study to identify the individual waste streams, characterise them and group them based on their treatment requirements. For each group a suitable treatment system was recommended to recover water, which can be recycled. The design of all the schemes are on and the Company plans to take up the implementation of these schemes progressively.
Revised safety systems	Two external audits were carried out, one each at Gajraula and Nanjangud, during the year to analyse the safety systems of various operations to strengthen the internal safety of processes and management systems. The recommendations were implemented which indicates changes in the SOPs.
Transportation safety	New Transport Emergency (TREM) Cards covering all the hazardous products of the Company have been developed during the year and are being used. These cards and Material Safety Data Sheet (MSDS) give all necessary details to handle emergencies. MSDS also mentions the names of the persons who can be contacted round-the-clock. Work is now on to establish a 24-hour command centre.
Phase out all equipment that use ozone depleting substances (ODS)	Most of the air conditioning and refrigeration equipment in the Company now use HCFC which has a longer phase-out time. A suitable technology to replace the same is in the process of being identified. In the long term, these would be phased out by procuring new equipment that are ODS free.
Intensify community development activities and increase communication with them	The Company has increased the community development activities as is presented under the CD work earlier in the report. A senior-level person has been retained to co-ordinate all CD activities across the Company.
Operating efficiencies	Specific water consumption and particulate matter emission has been reduced as mentioned earlier in this report.
Waste incineration	The Company has been able to achieve significant increase in waste incineration during FY 2004.
Introduction of NO _x measurement	During FY 2004 all four manufacturing sites have begun monitoring NO _x . The results will be reported in the next report with representative data for the complete year.

1. Improving on the operating efficiencies to continue by:
 - i. Reduction in:
 - a) Specific energy consumption
 - b) Specific water consumption
 - ii. Increase in waste incineration
2. Emphasis on plant and transportation safety
3. ISO 14001 and OHSAS 18001 certifications for those manufacturing facilities that are awaiting certification
4. Increase Corporate Social Responsibility activities by intensifying community development work in areas of basic health care, HIV/AIDS and women empowerment
5. To study and implement systems for improving Fly Ash Management

Corporate sustainability is firmly on the Company's agenda, as demonstrated by the proactive release of our first public report last year. This year, we have reported our performance in the quest for long-term sustainability in line with the globally-accepted GRI format.

As an organisation, we continue to make steady progress towards the realisation of our corporate goals during FY 2004. Jubilant Organosys is fast evolving into a high-value player with increasing presence in businesses that are typically resource intensive. While such a transition is a natural and desirable ascension for the Company, we are committed to manage it in a manner that meets our high standards of economic, environmental and social returns.

Even as we continue to innovate and create new opportunities to enhance our business profile, provide high quality solutions and services to our global customers and increase shareholder value, we will work towards strengthening our already close ties with the communities we operate in and run our operations in an eco-efficient and socially responsible manner. Our goals are ambitious. We are aiming to better ourselves year after year. We are totally committed to forge ahead in our march towards sustainability, towards creating 'A Jubilant Tomorrow', and we look forward to sharing with you next year the progress made by us.

The Board of Directors of Jubilant Organosys Ltd.

1. Background

At your request we have reviewed the contents of "A Jubilant Tomorrow - Corporate Sustainability Report 2003-04" ('the Report') relating to environment, health and safety ('EHS') and social performance of Jubilant Organosys Ltd. ('the Company') as outlined below, in order to provide conclusions in relation to its responsiveness, materiality and completeness. The Report is prepared by the Company, which is responsible for collection and presentation of information within it.

Our responsibility is to provide our conclusions regarding the information presented in the Report with respect to EHS and social performance. However, this Statement should not be taken as a basis for interpreting the Company's performance across the scope of issues covered in the Report.

2. Approach

There is currently no statutory requirement in India for preparation and publication, nor generally accepted international standard relating to verification, of corporate sustainability reports.

Therefore, a review process was used employing a series of customized work steps to ensure consistency in our assessment across the operations of the Company. This involved challenging and substantiating the assertions and claims made in the Report, to the extent the Report relates to historical performance and also involved a review of processes for the collection, collation and internal reporting of non-financial data relating to EHS and social performance and of implementation at the site level, of specific EHS and social programmes.

3. Limitation of scope

We understand that the financial data included in the "Economic" section of the Report is derived from the Company's internal financial records; we have not performed any procedures on this section of the Report.

The scope of our work was limited to visits to the Company's head office at NOIDA and its two major manufacturing locations, Gajraula and Nanjangud; the other manufacturing facilities at Samlaya and Nira were not visited by us.

4. Basis of our review

In order to form our conclusion, we undertook the steps outlined below:

- Reviewed the Report based on the Company's sustainability plans, policies and practices to ensure that the Report provides a fair representation of performance based on such plans, policies and practices.
- Interviewed selected functional heads as well as executives and managers with responsibility for functions such as EHS, plant operations and corporate initiatives. These meetings were conducted to understand the implementation of initiatives and historical performance as well as to support our understanding of the processes and activities relating to EHS and social performance.
- Reviewed selected documents that were used to capture and collate information relating to EHS and social performance parameters as well as policy documents, systems documentation, internal guidelines, assessment tools and training materials.
- Conducted site visits to the key plant locations at Gajraula and Nanjangud, to review data reporting relating to EHS and social performance as well as processes and activities relating to collection and collation and analysis of such data.
- Reviewed processes and activities used to consolidate non-financial data relating to EHS and social performance from individual sites across business units to the data in the Report.
- Reviewed and challenged the information relating to EHS and social performance, to substantiate the assertions made in the Report. This included an assessment of the Report's contents against the evidence obtained through the course of our work.

5. Conclusions on the report

5.1 On the basis of our review, with the exceptions described in Para 5.2 below, our conclusions on the report are as follows:

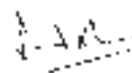
- The Company has demonstrated a commitment to respond to EHS, social as well sustainability challenges, as set out in this Report. This has been reflected in the prominence of these issues in the agenda of the Company's management. The EHS and social issues are integrated with the corporate decision-making process.
- Formal EHS and social functions have been established and defined processes and activities are in place at the individual sites and business units to collect and collate non-financial data relating to EHS and social performance. Further, we have observed that key variances in the data are reviewed by the Company's management.

- The statements and assertions made in the Report regarding EHS and social performance provide a balanced representation consistent with the Company's sustainability policy included in the Report.
- In line with the Company's sustainability policy, management follows a structured process of evaluating EHS and social implications for the projects taken up for implementation.
- Processes for collection, collation and interpretation of non-financial historical data on EHS and social performance parameters are reliable for assessing Company-wide sustainability performance in the context of the data reporting boundaries stated in the Report. Our observations on selected audit trails support our positive assessment on data integrity and accuracy.
- Statements and assertions made in the Report regarding EHS and social performance are generally supported by evidence found at the sample of sites we visited.
- We observed that there is a structured effort at the Company for stakeholder consultation in the process of sustainability management. Documentation of such engagements may be further standardised for collating the outputs of the stakeholder engagement process in defining the scope and content of the Report as well as its updation from the previous year.

5.2 In our opinion, based on the nature of the Company's operations vis-à-vis its sustainability policy, there is scope for improvement in the coverage of the following issues in the Report:

- Water conservation efforts and future plans: In our opinion, water management is an important issue and a significant sustainability criterion for the Company. Though we observed significant initiatives for water treatment and reuse, appropriate efforts towards reducing consumption of water need to be strengthened. We felt that information from a structured water audit could strengthen efforts in this regard.
- Hazardous waste management practices: We observed that hazardous waste management systems and practices have scope for improvement at both the locations, Gajraula and Nanjangud, visited by us. It would be pertinent for the Company to consider this matter beyond regulatory compliance, analyse the improvement opportunities, draw up an appropriate action plan and take up time-bound implementation programmes.
- Green house gas (GHG) emissions and mitigation efforts: Initiatives have been taken by the Company in inventorisation of GHG emissions. We understand that reporting on this matter could not be done as conclusions from the study are not yet available. Appropriate reporting on GHG in future would further improve the balance of representation.

Ernst & Young Private Limited



Authorised Signatory

List of Abbreviations

AIDS	Acquired Immunodeficiency Syndrome
API	Active Pharmaceutical Ingredients
BSE	Bombay Stock Exchange
CD	Community Development
CEO	Chief Executive Officer
cGMP	current Good Manufacturing Practices
CO ₂	Carbon Dioxide
CRAMS	Custom Research & Manufacturing Services
CSR	Corporate Social Responsibility
FO	Furnace Oil
FY	Financial Year
GLP	Good Laboratory Practices
GRI	Global Reporting Initiatives
GU	Growth Unit
HCFC	Hydro Chlor Fluoro Carbon
HIV	Human Immunodeficiency Virus
HSD	High Speed Diesel
IMS	Integrated Management System
INP+	India Network of People living with HIV & AIDS
ISO	International Standard Organisation
JSS	Jagatguru Shivarathreswara Swami
Kg	Kilogram
Kl	Kilolitre
LDO	Light Diesel Oil
MPY	Mandays per Person per Year
MSDS	Material Safety Data Sheet
MT	Metric tonnes
NGO	Non Government Organisation
NOIDA	New Okhla Industrial Development Authority
NO _x	Oxides of Nitrogen
NSE	National Stock Exchange
ODS	Ozone Depleting Substance
OHSAS	Occupational Health & Safety Assessment System
OPD	Out Patient Department
PVA	Polyvinyl Acetate
R&D	Research & Development
RFO	Residual Furnace Oil
SCM	Supply Chain Management
SHG	Self Help Group
SO _x	Oxides of Sulphur
TQM	Total Quality Management
TREM	Transport Emergency
UNDP	United Nations Development Programme
US FDA	U.S Food and Drug Administration
VP Latex	Vinyl Pyridine Latex



**Feedback form for
Corporate Sustainability Report 2003-2004**

1. Relevance to sustainability of the issues covered in the Report.

- a) High
- b) Medium
- c) Low

2. Clarity of information provided in the Report

- a) High
- b) Medium
- c) Low

3. The quality of design and layout of the Report

- a) Good
- b) Average
- c) Poor

4. Suggest what other issues should be covered in the Report

5. Suggest the areas, if any, where more details should be reported

Name:

Designation:

Organisation:

Contact Address:

Email:

Please mail your feedback to:

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