



Forty Glorious Years Of Caring Sharing Growing

Annual Report 2017-18

OUR VISION

- To acquire and maintain global leadership position in chosen areas of businesses
- To continuously create new opportunities for growth in our strategic businesses
- To be among the top 10 most admired companies to work for
- To continuously achieve a return on invested capital of at least 10 points higher than the cost of capital

OUR VALUES



OUR PROMISE

Caring, Sharing, Growing

We will, with utmost care for the environment and society, continue to enhance value for our customers by providing innovative products and economically efficient solutions; and for our stakeholders through growth, cost effectiveness and wise investment of resources

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Board of Directors

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Shyam S Bhartia
Chairman



Hari S Bhartia
Co-Chairman and
Managing Director



Sudha Pillai
Director



Dr. Ashok Misra
Director



Sushil Kumar Roongta
Director



S Sridhar
Director



Vivek Mehra
Director



Rajesh Kumar Srivastava
Whole-time Director



Priyavrat Bhartia
Director



Arjun Shanker Bhartia
Director

Senior Leadership Team



Shyam S Bhartia
Chairman



Hari S Bhartia
Co-Chairman and
Managing Director



R Sankaraiah
Executive Director
Finance



Dr. Ashutosh Agarwal
Chief Scientific Officer



Ajay Khanna
Group Ombudsman
and Chief Strategic
& Public Affairs



Dr. Raju Mistry
Chief Human Resources
Officer



Siddhartha Pahwa
Chief of Supply Chain



Pramod Yadav
CEO
Jubilant Pharma



Rajesh Kumar Srivastava
CEO
Life Science Ingredients



Marcel Velterop
President
Drug Discovery Solutions & CDMO

Chairmen's Message

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Dear Fellow Shareholders,

We have reported a record year in terms of sales and profitability, led by strong performance in Specialty Pharmaceuticals and Life Science Ingredients businesses. We have a well-defined strategy of being closer to our customers with an integrated value chain, to have a de-risked business model with a diversified portfolio and strong manufacturing capabilities from fully compliant sites. We are focused on driving business growth in Specialty Pharmaceuticals and better utilisation of our assets in all our businesses.

The International Monetary Fund (IMF) expects global growth to rise to 3.9% in 2018, as global economic activity starts picking up through recovery in investments. According to the IMF, US growth has picked up in CY 2018 to an estimated 2.9%. Exports & consumer spending has provided a substantial boost to US GDP. The World Bank group report on "Global Economic prospects" states that investments, trade and commodity prices are rebounding, which is expected to have a positive effect on growth, going forward.

Investment bank Goldman Sachs forecasts India's GDP growth at 7.6% for FY 2018-19 and at 8.3% for FY 2019-20 which would make India the world's fastest-growing economy in FY 2018-19. The Government is injecting a fair amount of stimulus into the economy and exports have also picked up considerably. Sturdy growth in global economy is expected to provide an impetus to India's exports.

In India, the first half of FY 2018 has witnessed the implementation of the landmark Goods and Services Tax (GST). In addition, the economy witnessed a recovery from the impact of demonetisation which was announced in FY 2017. These two major structural changes are expected

to provide immense benefits to the long-term growth trajectory of the country. Satisfactory monsoon has led to an improvement in agricultural and rural income which is expected to help drive consumption. Other favourable indicators such as moderate inflation levels, anticipated growth of industrial sector, greater stability in GST, recovery in investment levels and ongoing structural reforms are also positive factors which could propel India's economy to grow at an accelerated pace in the coming years. However, this could be offset by increase in crude oil prices and increasing levels of protectionism in some countries.

The Indian pharmaceutical market is the third largest in the global pharmaceutical industry in terms of volume as per report by the India Brand Equity Foundation. India is also the second largest contributor of global biotech and pharmaceutical workforce and labor costs here are lower than other manufacturing hubs. India also has the second highest number of US FDA approved facilities outside the US, which is a testament to the high quality and compliance which Indian pharmaceutical companies adhere to.

According to the Evaluate Pharma's annual 'World Preview', the global pharmaceutical industry is set to reach US\$ 1.06 trillion by 2022. The growth of complex therapeutic areas is projected to outpace the growth of the overall pharmaceutical market, emphasising the importance of increased R&D in the value chain. On the other hand, various dynamics in the international markets are eroding value from pure generic plays such as consolidation among distributors and pharmacy chains, increased product approvals and resultant competition in the generics space, drop in new launch sales and increasing price control and protectionism in various global markets.

“We have a well-defined strategy of being closer to our customers with an integrated value chain, to have a de-risked business model with a diversified portfolio and strong manufacturing capabilities from fully compliant sites.”



Shyam S Bhartia
Chairman

Hari S Bhartia
Co-Chairman and Managing Director

Business Objectives

We pride ourselves as a global integrated pharmaceutical and life sciences company and have a successful track record spanning four decades. We are positioned as a one-stop-shop in the global pharmaceutical and life sciences industry, supplying products and services to customers in over 100 countries. We have a well-diversified portfolio across three major business segments namely Pharmaceuticals, Life Science Ingredients and Drug Discovery Solutions. We are globally recognised as a 'Partner of Choice' by leading pharmaceuticals and life sciences companies. Our strength lies in the unique offerings of pharmaceutical and life Sciences products and services, especially in Specialty segments. We are engaged in continuous improvement of products and processes to enhance the quality of production and cost competitiveness in order to build value for our customers. We are committed to safeguarding the environment and maintaining a triple bottom line approach of sustainability through delivering a high social, environmental and economic performance.

The Pharmaceuticals segment provides solutions to global pharmaceutical customers, offering a wide range of products & services through six US FDA approved facilities in India, US and Canada. We are engaged in development, manufacture, supply and distribution of APIs, Solid Dosage Formulations, Radiopharmaceuticals, and Allergy Therapy Products. We also provide services through Contract Manufacturing of Sterile Injectables, Ointments, Creams and Liquids. As of 31st March, 2018, the Company has a total of 1,008 filings across geographies including 929 filings in Dosage (Orals) and 79 filings in Sterile (Injectables & Ophthalmics). Of this, 680 Dosage (Orals) and 73 Injectables have been approved while 255 filings (249 Dosage (Orals) and 6 sterile products) are pending approval. The differentiated business model focusing on Specialty Pharmaceuticals enables us to deliver exceptional results and build a strong base for future growth in our Pharmaceuticals segment.

The Life Science Ingredients segment is engaged in Specialty Intermediates, Nutritional Products and Life Science Chemicals through five manufacturing facilities in India. This segment offers a broad portfolio of high quality ingredients that find application in wide range of industries. In this segment, we enjoy a strong position given our strengths in vertical integration, chemistry capabilities, low-cost manufacturing, best-in-class processes, and global leadership in key products.

The Drug Discovery Solutions segment provides proprietary in-house innovation for out-licensing purposes and collaborative research and partnership for Drug Discovery through two world-class research centers in India and the US.



Performance Review

We have delivered another year of robust performance in FY 2017-18. We reported a record year in terms of sales and profitability, led by strong performance in Specialty Pharmaceuticals and Life Science Ingredients businesses.

Total Income from Operations stood at ₹ 75,578 million, growing 26% Year-on-Year (YoY), with International revenue at ₹ 54,169 million, contributing 72% of the total revenue. This performance was led by healthy growth in both Pharmaceuticals and Life Science Ingredients segments. Pharmaceuticals revenue were at ₹ 40,166 million, up 29% YoY and contributing 53% to the revenue. Within this segment, Specialty Pharmaceuticals displayed a growth of 59% YoY and revenue of ₹ 26,387 million during the year. Revenue in Generics business stood at ₹ 13,779 million, contributing 34% to the segment sales. Life Science Ingredients revenue stood at ₹ 33,649 million and contributed 45% to the revenue. Life Science Chemicals business has grown 39% YoY to ₹ 18,223 million while Nutritional Products have grown 22% YoY to ₹ 5,656 million. Specialty Intermediates business has grown 4% YoY to ₹ 9,770 million in FY 2018. Drug Discovery Solutions revenue at ₹ 1,763 million contributing 2% of the revenue.

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) was 14% higher YoY at record ₹ 15,584 million, with margin of 20.6% as against 22.8% in FY 2017. Pharmaceuticals segment reported EBITDA of ₹ 9,765 million with a margin of 24.3% as against the

margin of 31.3% achieved last year. The Pharmaceuticals segment now contributes about 63% to the overall EBITDA.

Life Science Ingredients EBITDA stood at ₹ 6,322 million with EBITDA margin of 18.8%, an increase from 16% in FY 2017. Drug Discovery Solutions EBITDA was at ₹ 185 million translating to EBITDA margin of 10.5%. Depreciation and amortisation in FY 2018 was at ₹ 4,150 million as compared to ₹ 2,914 million in FY 2017. Finance cost stood at ₹ 2,843 million, lower by 17% YoY.

Profit After Tax went up by 12% YoY at ₹ 6,428 million as compared to ₹ 5,756 million in FY 2017 with an Earning Per Share (EPS) of ₹ 41.25 as compared to ₹ 36.93 in FY 2017,

From a balance sheet perspective, in FY 2018 the Company repaid ₹ 6,278 million of debt and the net debt stood at ₹ 32,201 million.

During the year, we completed the acquisition of the radiopharmacy business of Triad Isotopes in the US. Triad operates the second largest radiopharmacy network in the US with more than 50 pharmacies across more than 20 states, delivering more than 3 million doses annually to over 1,700 customers. This acquisition adds significant scale to our niche Radiopharmaceuticals business in the Specialty Pharmaceuticals vertical complementing our strategy of being a leading nuclear medicine player.

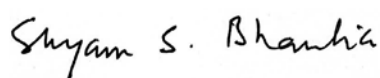
Dividend

The Board has proposed a dividend of 300% per equity share of ₹ 1 face value for the year which will result in a cash outgo of ₹ 576 million including tax.

Outlook

The Company has laid a strong foundation and a well-defined strategy for each business and the outlook is positive. We see a clear roadmap for growing our businesses in sales and profitability in FY 2019.

Wishing you the best for the coming year.



Shyam S Bhartia
Chairman

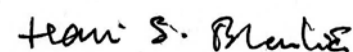
15th June, 2018

In Specialty Pharmaceuticals, we expect all our key verticals to deliver strong growth during the year. Growth in Radiopharmaceuticals is expected to come from new products and execution of existing contracts. Full year impact of Triad business in our operations with break-even profitability will also help in growth in FY 2019 numbers. Contract Manufacturing of Sterile Injectables business is expected to deliver better results due to healthy order book and new customer additions, supported by higher production and new capacities. Higher sales of existing products and new capacities will drive growth in Allergy Therapy Products. In Generics, we expect higher volumes from new product launches and new markets. Our Life Science Ingredients segment will benefit from better demand for existing products, new capacities from ongoing investments and de-bottlenecking initiatives, and launch of new products.

To meet the increased demand in our businesses, we plan to invest about ₹ 5,500 million in capital expenditure in FY 2019. In addition, we plan to invest ₹ 3,000 million in R&D during the year, including ₹ 1,500 million in product development expenditure. We will continue our efforts to strengthen balance sheet by reducing debt and improving financial ratios.

Conclusion

We take this opportunity to welcome Mr. Rajesh Kumar Srivastava on our Board. We also thank Mr. Pramod Yadav who resigned from the Board consequent to his appointment as CEO of Jubilant Pharma Limited, a wholly owned subsidiary of Jubilant Life Sciences. We would like to thank all our valued stakeholders, including our customers, vendors, bankers and shareholders for continuing their support and upholding their confidence and trust in us. We remain deeply grateful to all our employees globally for their sincere contribution and commitment towards this organisation.



Hari S Bhartia
Co-Chairman and
Managing Director

Management Discussion & Analysis

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Cautionary Statement

Statements in the annual report, particularly those which relate to Management Discussion & Analysis, describing the Company's objectives, projections, estimates and expectations, may constitute forward looking statements within the meaning of applicable laws and regulations. Although the expectations are based on reasonable assumptions, the actual results might differ significantly.

Key Economic and Industry Trends

With global economic activity picking up through long-awaited cyclical recovery in investment, growth is expected to rise to 3.9% in CY 2018 as per International Monetary Fund (IMF). According to the IMF, US growth has picked up in CY 2018 to an estimated 2.9%. Exports & consumer spending has provided a substantial boost to US GDP. The World Bank group report on 'Global Economic prospects' states that investments, trade and commodity prices are rebounding, which is expected to have a positive effect on growth, going forward.

Investment bank Goldman Sachs forecasts India's GDP growth at 7.6% for FY 2018-19 and at 8.3% for FY 2019-20 which would make India the world's fastest-growing economy in FY 2018-19. The Government is injecting a fair amount of stimulus into the economy and exports have also picked up considerably. Sturdy growth in global economy is expected to provide an impetus to India's exports.

According to the Evaluate Pharma's annual 'World Preview', the global pharmaceutical industry is set to reach US\$ 1.06 trillion by 2022. The Indian pharmaceutical market is the third largest in the Global Pharmaceutical Industry in terms of volume as per report by the India Brand Equity Foundation. India is also the second largest contributor of global biotech and pharmaceutical workforce and labour costs here are lower than other manufacturing hubs. India also has the second highest number of US FDA approved facilities outside the US, which is a testament to the high quality and compliance which Indian pharmaceutical companies adhere to. India is also the second largest contributor of global biotech and pharmaceutical workforce and labour costs here are lower than other manufacturing hubs.

According to a report by Federation of Indian Chambers of Commerce and Industry (FICCI), the Indian crop



protection chemicals industry is estimated to reach at US\$ 4.4 billion in FY 2019, with exports contributing to about 53% of the total value. The personal care ingredients market is valued at US\$ 17.33 billion by 2022 at a Compound Annual Growth Rate (CAGR) of 4.3% as per Markets and Markets report. The global animal nutrition market is estimated to grow at a rate of 5.4% to reach US\$ 18.9 billion by 2020 as per Industry ARC Report.

Our Business Strategy

Our vision is to maintain global leadership position in chosen areas of business and to continuously create new opportunities for growth in our strategic business. The core business strategy is to nurture the Company to be an integrated global pharmaceuticals and a life sciences company. We are very confident of delivering a robust business performance driven by healthy demand in Specialty Pharmaceuticals and favourable price environment in Life Science Ingredients (LSI) segment.

Our business is classified into three broad segments:

1. Pharmaceuticals
2. Life Science Ingredients
3. Drug Discovery Solutions

The strategic pillars on which our Pharmaceuticals segment has been built are the following:

First, our strategy is to be closer to the customer to provide high quality products and services. Therefore we have created 70% of our asset base in North America which generates almost 80% of our Pharmaceuticals revenue. We leverage our insights from the highly regulated US market to launch products in other markets like Europe, Japan, Australia and other emerging markets.

Second, an integrated business model to offer products and services which are cost-effective. Our Radiopharmaceuticals and Allergy Therapy Products businesses are supported by Contract Manufacturing Operations (CMO). Manufacturing of Solid Dosage Formulations in India and the US gives us flexibility, cost advantage and allows us to service government contracts in the US, supported by R&D from India. We are also increasing the share of dosage formulations manufactured with our cost competitive in-house Active Pharmaceutical Ingredients (APIs) manufactured in India.

Third, we have a de-risked business model, focusing on niche areas with a diversified portfolio. We have created leadership positions in Specialty Pharmaceuticals in stable, niche segments like Radiopharmaceuticals and Allergy Therapy Products. We have a fairly diversified customer base with our top 20 customers contributing to 29% of our sales.

Lastly, to create a strong pipeline of products, both in Specialty Pharmaceuticals and Generics business for future growth. Our focus for Specialty Pharmaceuticals is to develop differentiated products with an objective to cater to the US market whereas in Generics, we are focusing on developing complex products with limited competition.

We adhere to high quality standards to achieve the above strategic imperatives. All our five manufacturing facilities have had successful US FDA and other regulatory inspections and are fully compliant as on date.

Life Science Ingredients segment has fully integrated product portfolio using renewable bio-feedstock (i.e. Molasses and Ethanol) thereby following the green route of business. Life Science Ingredients segment has following key businesses – Life Science Chemicals (LSC) and Specialty Intermediates & Nutritional Products. Our products find application in various industries like - Pharmaceuticals, Agrochemicals, Personal Care, Food and Nutrition, and other Life Science industries.

This segment has several key differentiators which drive business growth

First, the businesses operate under a fully integrated value chain through the green route. The key feedstock

is Ethanol from which we have built global capacities in our LSC business. We have also forward integrated to higher value added products in multiple specialty businesses including Fine Ingredients and Vitamins which offer better margins. These strong interlinkages have made Jubilant Life Sciences globally competitive in all the key businesses we operate in.

Second, we have built global scale in many key products of our business. We are among the top two players in Pyridine and Vitamin B3 and 4th largest in Acetic Anhydride and 7th largest in Ethyl Acetate. Coupled with our integrated value chain, this has led us to cost competitiveness, ensuring attractive returns and the ability of the Company to adapt to the business cycles around these businesses.

Third, we have strong manufacturing capabilities supported by R&D. We operate from five manufacturing facilities strategically located in India including one in SEZ at Bharuch. Most of sites are multi-purpose in nature allowing us the flexibility to launch multiple products. We emphasise on continuous process improvement and de-bottlenecking to increase capacities and maintain cost control. We ensure that all our manufacturing facilities are fully compliant for sustainable operations. We follow the green route, using Ethanol for manufacturing which has a lower carbon footprint as compared to our peers. We are very conscious of our obligations to the environment and have ensured most of our facilities operate on zero liquid discharge.

In Drug Discovery Solutions segment, we are focusing on an integrated approach from Drug discovery services, Chemistry services to Good Manufacturing Practice (GMP) scale-up of Intermediates and Actives which complements well with our Contract Development and

“Our focus for Specialty Pharmaceuticals is to develop differentiated products with an objective to cater to the US market whereas in Generics, we are focusing on developing complex products with limited competition.”

Manufacturing (CDMO) offerings of large scale GMP and non-GMP manufacturing through LSI business. This provides our pharmaceuticals and other life science customers with a one stop solution from early phase development to commercialisation of their molecules. We also have a strong commitment to innovation through in-house investments to partner with our clients. This has generated a strong portfolio of discovery assets both in early as well as late stage in the area of Epigenetic, Inflammation and Diabetes. We continue to evaluate further licensing opportunities from our existing pipeline.

Financials

Consolidated Income Statement

(₹ million)

Consolidated Income Statement	FY 2017	FY 2018	% Growth
Income from Operations	60,063	75,578	26%
Other Income	248	400	61%
Total Income	60,311	75,978	26%
Material Cost and Change in Inventory	18,141	26,259	45%
Purchases of Stock-in-trade	1,854	2,428	31%
Excise Duty on Sales	1,449	400	-72%
Employee Benefits Expense	12,309	15,559	26%
Power and Fuel Expense	3,337	4,249	27%
Other Expenditure	9,520	11,499	21%
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	13,701	15,584	14%
Depreciation	2,914	4,150	42%
Finance Cost	3,411	2,843	-17%
Profit Before Tax and Exceptional Items	7,376	8,591	16%
Tax Expenses	1,630	2,247	38%
Minority Interest	(10)	(84)	
Profit After Tax (PAT)	5,756	6,428	12%

Revenue

Total Revenue from Operations during the year stood at ₹ 75,578 million as compared to ₹ 60,063 million in FY 2017. Revenue from Pharmaceuticals segment grew 29% YoY at ₹ 40,166 million contributing 53% to overall revenue. Revenue from Life Science Ingredients segment stood at ₹ 33,649 million in the year, up 24% YoY and contributing 45% to the total revenue. Revenue from Drug Discovery Solutions segment stood at ₹ 1,763 million in the year contributing 2% to the total revenue.

Total Expenditure

Total expenditure stood at ₹ 60,394 million in the fiscal year ended 31st March, 2018 from ₹ 46,610 million in the fiscal year ended 31st March, 2017. Materials Cost stood at ₹ 26,259 million in the fiscal year ended 31st March, 2018 from ₹ 18,141 million in the fiscal year ended 31st March, 2017. Material cost as percentage of sale increased due to

The Company has reported robust revenue and profit growth in FY 2018 and also achieved several milestones. The differentiated business model focusing on Specialty Pharmaceuticals has enabled us to deliver exceptional results and build a strong base for growth in our Pharmaceuticals segment. The Company has generated strong operating cash flow to be utilised for marginal expansion and debt reduction to further strengthen the balance sheet, invest in strategic opportunities and improve the financial ratios.

increase in revenue in Life Science Ingredients. Power and Fuel as percentage of sale was stable at ₹ 4,249 million from ₹ 3,337 million. Employee benefit expenses increased marginally to ₹ 15,559 million in the fiscal year ended 31st March, 2018 from ₹ 12,309 million in the fiscal year ended 31st March, 2017. Other expenses stood at ₹ 11,499 million during the year, increasing 21% from ₹ 9,520 million in FY 2017. Employee benefits expenses and other expenses were higher on account of acquisition of Triad in addition to annual increase in employee benefits.

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

The overall EBITDA in FY 2018 grew by 14% YoY to ₹ 15,584 million translating to EBITDA margin of 20.6%. The EBITDA of Pharmaceuticals segment stood at ₹ 9,765 million as against ₹ 9,751 million in FY 2017 with margins of 24.3% as against 31.3% in FY 2017. The EBITDA for Life

Science Ingredients segment grew 46% to ₹ 6,322 million as compared to ₹ 4,338 million in FY 2017, translating to EBITDA margin of 18.8% compared to 16% in FY 2017. Drug Discovery Solutions EBITDA stood at ₹ 185 million as compared to ₹ 259 million in FY 2017, translating to EBITDA margins of 10.5%.

Finance Cost and Depreciation

The depreciation and amortisation in FY 2018 stood at ₹ 4,150 million compared to ₹ 2,914 million in FY 2017. The finance cost in FY 2018 stood at ₹ 2,843 million as against ₹ 3,411 million in the corresponding period last year. The blended interest rate for the borrowing stood at 5.97% with the rupee rate of borrowing at 8.16% and the foreign currency borrowing at 4.71%.

Profit Before Tax

Profit Before Tax for the fiscal year ended 31st March, 2018 stood at ₹ 8,591 million.

Tax Expenses

Tax Expenses stood at ₹ 2,247 million in the fiscal year ended 31st March, 2018 from ₹ 1,630 million in the fiscal year ended 31st March, 2017. The tax rate for the year stood at 23.4%.

Profit After Tax

The Profit After Tax stood at ₹ 6,428 million with an Earnings Per Share (EPS) of ₹ 41.25 per equity share of ₹ 1 each.

Indebtedness

During the year, the Company has generated net cash of

₹ 4,059 million which has been used to reduce the debt level to ₹ 32,201 million.

Review of Operations

Our operations comprise of products and services across Pharmaceuticals, Life Science Ingredients and Drug Discovery Solutions segments.

- Our **Pharmaceuticals** segment includes the following businesses
 - Specialty Pharmaceuticals**, comprising of Radiopharmaceuticals (including Radiopharmacies), Contract Manufacturing of Sterile Injectables and Allergy Therapy Products
 - APIs & Generics**, comprising Solid Dosage Formulations, Active Pharmaceutical Ingredients and India Branded Pharmaceuticals
- Life Science Ingredients** segment includes the following businesses
 - Specialty Intermediates & Nutritional Products**
 - Life Science Chemicals**
- Drug Discovery Solutions** segment provides proprietary in-house innovation and collaborative research and partnership for out-licensing through two world-class research centers in India.

Segmental Revenue Analysis	Revenue (₹ millions)		YoY Growth (%)	Revenue Mix (%)
	FY 2017	FY 2018		
Pharmaceuticals	31,167	40,166	29%	53%
Specialty Pharmaceuticals	16,558	26,387	59%	35%
Radiopharmaceuticals	8,164	17,092	109%	22%
CMO of Sterile Injectables	5,950	6,483	9%	9%
Allergy Therapy Products	2,444	2,812	15%	4%
APIs & Generics	14,609	13,779	-6%	18%
Solid Dosage Formulations	8,140	8,034	-1%	11%
Active Pharmaceutical Ingredients	6,289	5,566	-11%	7%
India Branded Pharmaceuticals	180	179	-1%	0%
Life Science Ingredients	27,076	33,649	24%	45%
Specialty Intermediates & Nutritional Products	13,988	15,426	10%	21%
Specialty Intermediates	9,367	9,770	4%	13%
Nutritional Products	4,621	5,656	22%	8%
Life Science Chemicals	13,088	18,223	39%	24%
Drug Discovery Solutions	1,820	1,763	-3%	2%
Total Revenue	60,063	75,578	26%	100%



PHARMACEUTICALS SEGMENT

The Pharmaceuticals segment is engaged in the manufacture and supply of Radiopharmaceuticals, Allergy Therapy Products, Solid Dosage Formulations, APIs and Contract Manufacturing (CMO) of Sterile and Non-sterile products through six US FDA approved facilities in India, US and Canada and contributes 53% of our Total Revenue from Operations. Revenue from this segment has improved 29% YoY to ₹ 40,166 million from ₹ 31,167 million last year.

Our Specialty Pharmaceuticals business includes Radiopharmaceuticals, CMO of Sterile Injectable, and Allergy Therapy Products.

Radiopharmaceuticals

We manufacture and market radiopharmaceutical products, which are used in the diagnosis, treatment and monitoring of various diseases. We specialise in cardiac, lung, thyroid, kidney and bone imaging as well as thyroid disease therapy. We have made healthy progress and are operating a differentiated business in a very niche segment. Our Radiopharmaceuticals business saw revenue growth of 109% YoY to ₹ 17,092 million in FY 2018 as compared to ₹ 8,164 million in FY 2017, on account of healthy performance from our growing product offerings and also the acquisition of the US radiopharmacy business of Triad. It is our vision to be a leading player in Nuclear Medicine and demonstrate

robust quality, value to our customers and sustainability to physicians and their patients as well as additional radiopharmaceuticals to increase the scope of our product portfolio.

During the year, our subsidiary Jubilant Pharma Limited acquired the US radiopharmacy business of Triad Isotopes Inc (Triad). Triad operates the 2nd largest radiopharmacy network in the US with more than 50 pharmacies distributing nuclear medicine products to the largest national Group Purchasing Organisations (GPOs), regional health systems, stand-alone imaging centers, cardiologists and hospitals. The acquisition was funded through internal accruals with no increase in debt.

The acquisition is a strategic fit to our Company's niche Radiopharmaceutical business and will provide us with direct access to hospital networks with ability to deliver more than three million patient doses annually through around 1,700 customers. In addition, it enhances scale in our Radiopharmaceuticals business and complements our strategy of being a leading nuclear medicine player. The acquired radiopharmacies will continue to operate independently under the brand name of Triad Isotopes.

During the year, our RUBY-FILL® product commenced commercial sales with 7 installations in the US as end March 2018. Currently the cardiovascular PET market in the US is estimated to be approximately US\$ 62 million

and has the potential to grow over US\$ 120 million over the next five years. We are confident of generating respectable revenue from this product in the coming years.

During the year, we also received US FDA approval for new pulmonary indication in DraxImage DTPA which is expected to increase our volumes from this new indication going forward. We received 505 (b) (2) approval from US FDA for Drax Exametazime, a product used in SPECT scan in identifying of white blood cells in intra-abdominal infection, and Health Canada approval for Rubidium Elution System.

Our Company has successfully built an integrated ecosystem including a dedicated Research and Development team, specialised manufacturing facilities, best-in-class regulatory affairs, sales and marketing operations. This business has promising growth prospects which will be aided by long-term contracts backed by leading distribution network in the US for multi-year supply of critical products. Our Company is working on several active pipeline projects with plan to file at least one product in FY 2019. We are well positioned in the North American nuclear medicine market, which is expected to grow across the therapeutic segments of Oncology, Neurology and Cardiology over the next five years. We aspire to be the leading manufacturer of nuclear medicine products in North America. We are evaluating to further expand into markets such as Latin America, Europe and Asia.

Contract Manufacturing of Sterile Injectables

We are a fully integrated leading CMO based out of North America with operations out of Montreal, Canada and Spokane, US. The manufacturing facilities offer manufacturing services including sterile injectables (both liquid and lyophilisation), ampoules and sterile ointments, creams and liquids and also non-sterile ointments, creams, and liquids. We are among the leading Contract Manufacturers in North America for sterile injectables. Our facilities are approved by regulators across the world including US FDA, Health Canada, ANVISA Brazil, PMDA Japan, UK MHRA and others. The products manufactured at both sites are sold in over 50 countries across the globe. The business reported revenue of ₹ 6,483 million in FY 2018 from ₹ 5,950 million in FY 2017, up 9% YoY.

Our existing sites can be leveraged to enhance our performance as the industry dynamics are favourable. We lay strong emphasis on compliance and Intellectual Property Rights (IPR). Injectables form an increasing proportion of new approvals by innovators for which there is shortage of capacity for high quality manufacturing sterile sites as available with us. We will continue to focus on highest level of compliance

with a lean operation setup and supply of right quality products in a timely manner to our customers which help us further grow the order book.

We are also continuing to invest on sites to address future growth opportunities. Significant amount is being invested in Spokane in adding another Lyo to increase available capacity. The new Lyo is expected to be operational next year and would add 30% capacity on one of our lines. The sites are also creating a master plan to initiate investments in new areas of growth.

Allergy Therapy Products

The Allergy Therapy Products business is dedicated to provide allergy immunotherapy products in the US. We aim to supply bulk extracts to physicians who can use the same for diagnostic testing and also to administer treatment. Allergenic extracts in our portfolio are offered in the form of consistent, high-quality, differentiated products along with a range of specialised diagnostic devices for skin testing.

This business is a highly differentiated business of manufacturing and marketing allergenic extracts which is backed by one of the oldest and most trusted brands in this business. Our Company has been focusing on expanding market coverage and this has been bearing fruit with better performance. In addition, we are increasing capacities in Lyophilization in the Allergy Therapy Products manufacturing facility to ensure consistent and reliable supply of our insect venom products.

During FY 2018 revenue in the business improved by 15% YoY to ₹ 2,812 million as compared to ₹ 2,444 million in FY 2017, due to enhanced business performance.

Our Company continues to stress on innovation where we strive to develop innovative products to address

“Our Company has successfully built an integrated ecosystem including a dedicated Research and Development team, specialised manufacturing facilities, best-in-class regulatory affairs, sales and marketing operations.”

allergies. It is our endeavour to expand the leadership that our products enjoy on the back of a robust product pipeline backed by hands-on production and an extensive presence in important markets. Our Company is expanding its footprint beyond the US and is building network in other countries such as Canada, France, Australia, New Zealand, and South Korea, to drive sales of our brands.

APIs & Generics

The API & Generics business includes Solid Dosage Formulations, Active Pharmaceutical Ingredients (APIs) and India Branded Pharmaceuticals businesses. Total revenue from this vertical was at ₹ 13,779 million in FY 2018 as compared to ₹ 14,609 million in FY 2017.

Solid Dosage Formulations

The Solid Dosage Formulations business includes the manufacture and marketing of formulations in the generics space. We have traditionally focused on the key US market, which is the largest market for generics. In addition, we are also rapidly expanding in Rest of the World (RoW) markets like Asia, Middle East, Latin America and Africa and we have aggressive plans to grow in markets of Europe, Canada, Australia and Japan in the near future.

The business derives benefit of backward integration with majority of our commercial Solid Dosage Formulations backward integrated to in-house APIs. This helps us reduce costs and maintain optimal efficiency. The broad therapeutic areas covered include Cardiovascular System (CVS), Central Nervous System (CNS) and Gastrointestinal (GI). Currently, we are leaders in the US for Prochlorperazine, Methylprednisolone and Terazosin and we rank among the top three in the US for eight other products.

During FY 2018, revenue in the business at ₹ 8,034 million in FY 2018 as against to ₹ 8,140 million in FY 2017. Our performance in this business was muted due to US business which was impacted from continued pricing led competition from supply chain consolidation.

We manufacture our products in Salisbury, US and Roorkee, India. Both facilities are US FDA approved and the India facility is also approved by UK MHRA, ANVISA Brazil, PMDA Japan, TGA Australia and MCC South Africa. A small number of products are also in-licensed from third party partners.

As on 31st March, 2018 the business had 57 products commercialised, including 34 in US, 14 in Canada, 31 in Europe and 32 in RoW. For Solid Dosage Formulations, as on 31st March, 2018, we filed a total of 94 ANDA filings in US, 103 MAs (Marketing Authorisations) in Europe, 22 filings in Canada and 710 filings in other RoW countries



so far. As on 31st March, 2018, we have received 59 approvals in the US, 95 MAs in Europe, 22 approvals in Canada and 504 approvals in RoW markets.

We are increasing the oral solid dosage capacity at our manufacturing facility in Roorkee, India to meet anticipated future growth requirements. Phase one of the same is expected to be completed in the second half of FY 2019 and would increase the capacity by one billion doses to meet increasing requirement. We are expanding the product line in oral solids and certain niches in Novel Drug Delivery System (NDDS) with a view to increase the contribution to revenue as we grow beyond the traditional regulated markets. We will strongly continue our focus in the key RoW markets where we see significant opportunity. We currently have approvals in key markets of Asia and Africa, including South Africa, Philippines, Ethiopia and Malaysia where we have already initiated successful commercialisation of the same. In Latin America and Commonwealth of Independent States (CIS) markets, our growth would be driven by new filings and launches in key countries of Brazil, Chile and Ukraine.

We continue to expand our operations in Europe, which are yielding results. We have built a strong customer base of more than 35 customers in Europe and we are strengthening our product portfolio with them. We expect Europe to be one of the fastest growing regions for us. Our business in Canada and Australia is expected to see significant growth based on new launches and new partnerships. In the US market, we are seeing product specific opportunities due to rationalisation of product portfolio and plants by some of our peers.

Active Pharmaceutical Ingredients (APIs)

APIs are also known as bulk drugs or drug actives, and are responsible for rendering therapeutic action in a Medicine (Formulation). We are one of the world's reputed manufacturers of Active Pharmaceuticals Ingredients (APIs) and partner with several largest generic formulation companies across the globe to fulfill their requirements of high quality APIs at affordable prices. We are one of the leading players globally in Cardiovascular System (CVS), Central Nervous System (CNS) and Anti-infective APIs along with several other therapeutic areas. We also add further value to the organisation by virtue of supplying cost effective and high quality APIs to Jubilant's Solid Dosage Formulations business in US, Europe and RoW.

The goal of APIs Business is on developing leadership positions in chosen products and delivering high quality products. Our aim is to have sizeable capacities and dedicated lines for high volume molecules further optimising costs. This will also help in sustaining our long-standing relationship with generic formulation companies in global markets with our world-class product offerings.

Revenue from this business was at ₹ 5,566 million in FY 2018 as compared to ₹ 6,289 million in the previous year,

As of 31st March, 2018, we have 41 commercial products and have filed 93 Drug Master Files (DMFs) in the US, 14 filing in Japan, 42 Certificates of suitability to the monographs of the European Pharmacopoeia (CEPs) in Europe and 13 filings in Australia. We practice best regulatory & quality compliance in APIs Industry, with successful inspections track record of years by various regulatory agencies. Our facility at Nanjangud, India is approved by key regulators including US FDA, AFSSAPS France, PMDA Japan, ANVISA Brazil, KFDA Korean, Cofepris Mexico and TGA Australia.

During the year, the joint inspection of our manufacturing facility was successfully completed by US FDA and Health Canada. We completed capacity addition in the APIs manufacturing facility during the year to meet higher demand going forward. We are taking various initiatives to reduce cost from higher efficiencies and also input material cost optimisation.

Several cost improvement and process innovation programs have been undertaken during the year, for some large commercial APIs as part of product life cycle management. This improves profitability as well as maintains market share in the event of market and competition pricing pressures.

Sustainable manufacturing is also an important aspect of our APIs business. For our large commercial products, we focus on improvement programs for YoY reduction of resource use (energy, water, raw material etc.) per unit of product.

The philosophy of our new product development for APIs is innovation-led affordability and Quality by Design giving our customers access to cost effective affordable APIs, while maintaining a consistent global quality standard. Aided by strong process and analytical chemistry skills and IP & Regulatory expertise, we will continue our focus on new product development & filings for focused markets. Our APIs development efforts will also enable our own Solid Dosage Formulations business to developed new formulations pipeline using in-house APIs. This helps achieve faster ANDA / Dossier filings, and assures supplies of cost competitive and fully compliant APIs in future.

India Branded Pharmaceuticals (IBP)

In this business, we target the local formulations market in India. The chosen therapeutic areas include chronic specialties like Cardiology and Diabetes. This is underlined by combination of enabling growth factors, including higher awareness, longer life spans, enhanced propensity to spend and evolving lifestyles.

During FY 2018, revenue in the business were at ₹ 179 million as compared to ₹ 180 million in FY 2017.

Our portfolio of products includes high growth molecules and combinations like Rosuvastatin, Telmisartan, Tenecliptin, Glimepiride, Cilnidipine and Azilsartan. These primary therapies are supported by supplementary or nutritional formulations like Vitamin B12 and Vitamin D3 preparations. The growing portfolio is backed by an increasing distribution network covering 20,000 retail points and robust field force of more than 250 sales representatives that serve 25,000 Cardiologists, Diabetologists, Nephrologists, Neurologists and Consulting Physicians across the country.

We see ample growth opportunity and will evaluate additional products where we believe we can make an impact in our preferred segments of therapy.

During the year, several projects were implemented in order to improve the operational efficiency of the business and they have now started yielding good results. We shall continue launching relevant products in the Cardiovascular Diseases (CVD) domain and at the same time, evaluate interesting opportunities in other segments to tap potential growth opportunities.



LIFE SCIENCE INGREDIENTS SEGMENT

Revenue contribution from the Life Science Ingredients segment to Total revenue from operations stood at 45%. During the year revenue in the segment were at ₹ 33,649 million as against ₹ 27,076 million in FY 2017, a growth of 24% YoY. The improvement in revenue can be attributed to gains both in volumes and in pricing.

Specialty Intermediates

Our businesses comprises of Advance Intermediates like Pyridine, Picolines, Cyanopyridines, Piperidine and their value added derivatives known as Fine Ingredients and Crop Science Ingredients. Jubilant Life Sciences is one of the few global companies in this business space, which is fully integrated both upstream and downstream. We have leveraged on backward integrated feedstock of Acetaldehyde produced from Ethanol, coupled with global expertise in Pyridine Chemistry to achieve global leadership position in Pyridine business.

We have forward integrated this Pyridine and Picolines platform to develop 60 commercial products. In Fine Ingredients and Crop Science Ingredients business, we have built global capacities in most of these products with global leadership position in 10 value added products. The Specialty Intermediates products of Jubilant are used in Pharmaceutical, Agrochemicals, Food, Personal Care, Healthcare and Nutrition Products and various other life science industries. For the last four decades Jubilant has mastered the art of making these products

and continually work on multiple chemistry platforms to ensure that our global customers' requirements are met.

Revenue from this business was at ₹ 9,770 million during the year as against ₹ 9,367 million in FY 2017, a growth of 4% YoY.

Our business has strong enablers in place to ensure successful execution, including differentiated strategy, scale, cost effectiveness, strategic tie-ups and an experienced and dedicated team.

In this year, we had undertaken de-bottlenecking within the Fine Ingredients capacity for certain products, that allowed us to meet additional demand and realise additional productivity. We have aligned our processes for various products to make them environment friendly by cutting down the effluent generation and making them more sustainable.

We are focusing on new product launches in the coming year to enhance the portfolio and diverse the technology base. In addition, we have invested in one multipurpose plant for agrochemical intermediates at our Bharuch manufacturing facility, which became operational from Q4 FY 2018 and have plans to further invest in one more multipurpose plant in FY 2019. We are also seeing some positive tailwinds for the business from recent Chinese government actions with respect to environmental issues, which augurs well for us. This situation offers suitable

opportunity to Jubilant to look into those products that are key raw materials as an intermediate for agrochemicals and other associated industries. We shall continue to explore the market for our Specialty Intermediates to get benefit of this situation going forward.

Apart from above, we also offer CDMO (Contract Development & Manufacturing Organisation) Services to all our pharmaceutical and agrochemicals customers for intermediates and actives. This business complements very well with our Drug Discovery Solutions business through full integration of research and development capabilities of the same and the commercial contract manufacturing competency of Specialty Ingredients business, providing one stop solution to our pharmaceutical and other life science customers.

Nutritional Products

In this business, we primarily cater to Human Nutrition, Animal Nutrition, Pharmaceuticals and Personal Care segments. One of our key products in this segments is Vitamin B3 (Niacinamide and Niacin) for which we are number two globally. The product is typically used in the food, animal feed, pharmaceuticals and personal care industries. Our Vitamin B3 business is fully backward integrated with feedstock raw material (i.e. Beta Picoline and 3-Cyanopyridine) which is produced by our Specialty Intermediates business captively. We have recently received World Health Organisation's (WHO) Good Manufacturing Practice (GMP) certification for our Vitamins facility which will help us increase our footprint in the premium food, personal care and other value added applications.

Our product quality and consistency have ensured a growing and dedicated customer base for us. We have competitive edge in the market from being able to control our own supply of major raw material Beta Picoline which is a precursor to Vitamin B3 and is manufactured by our Specialty Intermediates business. Currently, our Niacinamide is being sold in more than 80 countries and we are confident of growing our business in the coming year.

Another key product in this segment is Vitamin B4 (Choline Chloride) for which we have the largest market share in India, catering to different applications like feed, food, pharmaceuticals, dye manufacturing and shale stabilisation.

Through our Animal Nutrition business we offer high quality Specialty Feed Supplements and Additives and Premixes in the category of Vitamin and Mineral Premixes, Betaine, Acidifier, Toxin Binders, Encapsulated Products, Growth Promoters, Liver Nourishment Products and Emulsifiers to integrators, feed millers and commercial farmers across the globe. We cater to various

segments of industry like poultry, dairy, aqua and pet food.

In Nutritional Products business we have recently entered into Human Nutrition offering nutritional and functional ingredient solutions, and tailored premixes for use in food, nutrition and fortification markets. We are the right partner of choice for developing client's business in today's ever-conscious clean label market by providing natural, minimally processed and familiar ingredients.

Revenue from this business was at ₹ 5,656 million during the year as against ₹ 4,621 million in FY 2017, up 22% YoY due to better pricing in products.

Our association with customers across the world is based on trust and reliability. Our facilities adhere to best practices and processes including ISO, cGMP, FAMI-QS, FSSC: 22000, Kosher & Halal certifications. We are associated with globally renowned analytical equipment manufacturers for providing nutritional services to our customers.

Vertically integrated value chain and low cost manufacturing are our key competitive advantages. The green route production with delivery of high quality product will help us increase our market share in better margin segments such as food, cosmetics and pharmaceuticals.

Life Science Chemicals

Our Life Science Chemicals business deals in acetyl range of products like Acetic Anhydride, Ethyl Acetate, Acetic Acid, Anhydrous Alcohol, Monochloroacetic Acid and Sodium Monochloroacetate with a streamlined

“Nutritional Products business primarily cater to Human Nutrition, Animal Nutrition, Pharmaceuticals and Personal Care segments. One of our key products in this segments is Vitamin B3 (Niacinamide and Niacin) for which we are number two globally.”

production process. Acetic Anhydride finds usage in cellulose acetate, pharmaceuticals, agrochemicals, aromatics, dyes intermediate, wood acetylation etc. We are the market leader in India and enjoy a substantial share in global markets. The demand of Acetic Anhydride has been growing consistently both in domestic and international markets and we are competitively placed to capture this growth in global markets. We also have a significant presence in Ethyl Acetate- an environment friendly solvent which is used by the pharmaceutical, packaging, coating and ink industries. We are the market leader across India and have been increasing our presence in international markets like Europe and South East Asia. During the year, our capacity utilisation of Ethyl Acetate has been better than last year due to better market demand in India as well as in international markets.

We have optimised the manufacturing process over a period, aligning with the operational excellence and thereby achieved optimum cost to remain competitive



in the market place. We have strong enablers to succeed, with competitive advantages such as backward integration, global sales & distribution networks, reliable customer base and strong cost control from continuous capacity debottlenecking.

Over the last year, we have become the largest Ethanol supplier to Oil Marketing Companies (OMCs) among standalone distilleries. Our Ethanol business is vigorously supporting 'Ethanol Blending Program (EBP)' of Government of India. In the current EBP tender from December 2017 to November 2018, the Company has been successfully awarded a significant contract for supplies in Uttar Pradesh, Delhi and Maharashtra states. With these expected supplies, we will become the 4th largest supplier in the EBP program. The business is focused on improving production capacities with continuous investments and operational excellence; this will eventually help us in being one of the largest contributors in the EBP programs.

Revenue for FY 2018 stood at ₹ 18,223 million as compared to ₹ 13,088 million in the previous year, up 39% YoY, due to enhanced volumes and firm pricing for our key products. Our margins have been better because of encouraging demand and pricing of products worldwide during the year.

Going forward, to further strengthen our global positioning in Acetic Anhydride market, we are expanding capacity of Acetic Anhydride by building a new plant at our Bharuch manufacturing facility. This is expected to be commercialised towards the later half of the year and make us the largest merchant market supplier of Acetic Anhydride globally.

“We have optimised the manufacturing process over a period, aligning with the operational excellence and thereby achieved optimum cost to remain competitive in the market place.”



DRUG DISCOVERY SOLUTIONS SEGMENT

In our Drug Discovery Solutions segment, we focus on offering our integrated solutions to our customers which maximises speed to develop a new lead. Our broad service offering from Drug Discovery Services, Medicinal Chemistry and Chemistry Services, GMP scaleup of Intermediates and New Chemical Entity (NCE's), complements very well with our Contract Development & Manufacturing (CDMO) offering of large scale GMP and non-GMP manufacturing through our Life Science Ingredients business. This provides an integrated solution (from early phase discovery & development to commercialisation of the molecule) to our pharmaceutical and other life science customers.

The operation comprises two subsidiaries; Jubilant Biosys and Jubilant Chemsys. In addition to these services offerings, we have started development of a set of early stage pre-clinical assets which we will then offer for out-licensing or collaboration to the pharma innovator industry. This is accomplished by leveraging our therapeutic expertise and technology platforms in advanced biology and medicinal chemistry expertise.

It is our objective to provide solutions and services to the pharmaceutical and biotechnology industry as well as academic institutions during the Research and Pre-clinical phases of drug development. Our therapeutic

areas of expertise include Oncology, Metabolic Disorders, Central Nervous System (CNS) and Pain & Inflammation.

We are continually expanding our relationships in this sector and expanding our service offering by investing in new technologies and capabilities which enhance our knowledge in select therapeutic areas. The business presents a cost-effective alternative to customers seeking world-class research and development services which are designed for speed to reach critical milestones. Our chemical development facility adheres to (GMP) and is capable of conducting multi-kilogram manufacturing campaigns for both Pre-clinical toxicology and early clinical stage requirements.

During FY 2018, the business reported revenue of ₹ 1,763 million from ₹ 1,820 million in FY 2017. The business continues to strategically invest in creating a portfolio of novel products that can, in the future, be suitably monetised. Our focus remains on integrated programs as well as discrete Full Time Equivalent (FTE) and Free For Service (FFS) services.

We will further strengthen the in-house proprietary discovery research for out licensing of new molecules to speed up the process for our innovator customers and add more value.



BUSINESS ENABLERS

Research & Development and Intellectual Property

Pharmaceuticals

The focus of R&D is to enhance innovation, scientific efficiency and effectiveness in compliance with Jubilant core values.

In Pharmaceuticals segment, the multi-skilled R&D team specialised across value chain of pharmaceuticals focuses on generics research including APIs & across dosage forms, novel drug delivery systems research, radiopharmaceuticals, allergenic extracts research, analytical research and biological support including pharmacokinetics and Bio Availability (BA)/ Bio Equivalence (BE) research. R&D supports the activities of various businesses through developing new breakthrough products, process development, process intensification, absorption of technologies and establishing technologies at commercial scale.

Regarding APIs, our focus continues to be on developing commercially competitive, intellectual property compliant, robust and eco-friendly technologies. Our R&D thrives on 'green chemistry culture' and has developed various environmentally friendly & disruptive technologies wherein many batch processes have been replaced by continuous processes, incorporated optimum atom efficiencies, recycling and reuse of solvents/reagents/by-products targeting towards zero discharge of effluents, removal/ substitution/

minimisation of hazardous chemicals and replacing chemical processes with enzymatic/ chemo catalysis processes.

A dedicated and agile team of scientists focuses on developing various dosage forms for human and veterinary use pertaining to Immediate Release (IR)/ Extended Release (ER) products, powder for suspension, solutions, suspensions, topical dosage forms including creams, ointments, lotions, solutions and development of sterile (ophthalmic & injectable) formulations

Our Radiopharmaceuticals business has a focused R&D team with radiochemical expertise, based in Montreal, Canada. This team supports existing products and leads the development of new products using its own resources, and also collaborating with our R&D team in India. In Radiopharmaceuticals, we are continually engaged in the development of new products that have yielded a pipeline of products that can be introduced in the future.

Jubilant is also working in space of allergy diagnostics and therapeutics for treating allergies caused by companion animals (cats & dogs). Allergy R&D has expertise in biopharmaceuticals – specifically sterile liquid vaccines. Core focus is on allergen (natural) extracts for immunotherapy – range of vaccines to immunise patients against IgE mediated allergen specific hypersensitivity.

We have evolved our production technologies including specialised proprietary know-how over a period of time with the help of R&D. We keep our options to licence-in/licence-out technologies/know-how to accelerate businesses of interest.

Our Intellectual Property (IP) - enabled innovative R&D efforts have helped us avoid any (IP) disputes after developing outstanding designing around capabilities around third party IP by identifying newer opportunities, better understanding of emerging challenges, developing alternative/innovative research strategies

and creating (IP) which is well protected in defined geographies of our business interests. Our efforts have fructified into intellectual properties, which have grown over the years creating a strong position in generic pharmaceutical businesses in regulated markets.

We protect our inventions by filing patent applications in India, US, Europe, Canada, Australia, China, International Patent Applications (PCT) and other countries. We pursue them till grant and maintain them in countries of business interest. Following is the list of Company's Patent Portfolio as on 31st March, 2018.

R&D	Inventions Filed	Patent Applications Filed	Patents Granted
Active Pharmaceutical Ingredient (APIs)	160	317	63
Solid Dosage Formulations	84	154	10
Radiopharmaceuticals	30	191	82
Allergy Therapy Product	1	1	1
Total	275	663	156

In addition, we have various trademarks in our Company's name and in the names of our subsidiaries, in India and outside.

Life Science Ingredients

Research & Development is the enabler of innovation and plays a vital role in developing and adopting new technologies in the technologically intensive life sciences industry. In Jubilant, a team of well qualified and experienced professionals in R&D centres spread across multiple locations are specialised across the value chain of chemical research, chemistry/ process development of advance intermediates, fine ingredients and contract research. Our R&D centres conform to international standards and are well equipped with world-class infrastructure managed by best-in-class manpower. Each R&D centre has dedicated unit integrated with relevant business.

Our R&D performance hinges on the coherence and cohesiveness among our R&D centres where rapid exchange of knowledge takes place to keep pace with competition and to develop disruptive technologies for future. The R&D team focuses on process intensification, absorption of technologies and establishing technologies at commercial scale.

A dedicated team of scientists focuses on product/process development 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 and development of animal health care products.

We develop new technologies at the lab scale and the scientists and manufacturing engineers work in close coordination to ensure parameters established during

“In Jubilant, a team of well qualified and experienced professionals in R&D centres spread across multiple locations are specialised across the value chain of chemical research, chemistry/ process development of advance intermediates, fine ingredients and contract research.”

lab development are within the determined design space leading to seamless scale-up to commercial scale without losing on the proficiency 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 facilities to provide better services to our customers.

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

We continually develop new products that provide our customers with better solutions for existing problems and new solutions for emerging problems. This requires us to expend significant effort on research, development, manufacturing and marketing. To preserve the value of our investment, we rely on the patent laws of the jurisdictions where we do business. In addition, we need to continuously improve our production efficiencies. Our production technologies typically incorporate specialised proprietary know-how. We have both developed intellectual property internally and acquired intellectual property through acquisitions. From time to time, we may grant licenses to third parties to use our patents and know-how, and may obtain licenses from others to manufacture and sell products using their technology and know-how.

We have designed a very successful R&D which continues to ensure delivery of a sustainable pipeline of high-value products. The Group's R&D strategy is centered on improving the speed and yield. Our R&D continues to lead to new, innovative processes and new knowledge-driven products that increase the efficiencies of our production and allow us to capitalise on opportunities for growth in competitive markets.

Fine Ingredients business faces significant competition from China and other competitors. R&D has taken a proactive approach to introduce new products in Pyridine Chemistry and also in non-Pyridine Chemistry. This is being done by deploying our various technological capabilities. New products continue to get developed by experienced and talented R&D teams which work to deliver in line with the marketing strategy by developing new cost effective processes/ products. Further, in order to ensure that cost competitiveness is maintained, R&D



is working on the improvement of existing processes including atom economy.

Following is the list of Patent Portfolio as on 31st March, 2018

R&D	Inventions Filed	Patent Applications Filed	Patents Granted
Life Science Ingredients	53	140	76

Drug Discovery Solutions

FY 2017 was marked by the initial success on the board's vision on in-house innovation. The first ever out-licensing deal was inked and execution was mostly in the last financial year. The execution of Investigational New Drug (IND) support demonstrated the end-to-end capabilities of our Drug Discovery Solutions in various developmental areas like Good Manufacturing Practices (GMP) manufacturing, Good Laboratory Practice (GLP) toxicology studies etc. as an extension of Drug Discovery capabilities built at Drug Discovery Solutions. Jubilant Biosys also came up with the new emerging capability in the area of Immuno-Oncology which boasts cutting edge discovery frontier in Oncology research and was marked by acquisition of state of the art instruments – some of them, first of their kind in India in any industry.

Last year, Jubilant Biosys filed three patent applications (one PCT, one complete and one provisional application) and enabled filing of patent applications for the various clients. Besides four research articles published in high impact journals and conferences. The team also did some

data disclosures in various international and national conferences.

Drug Discovery Solutions in Jubilant is offering state-of-the-art capabilities in small molecule discovery and Pre-clinical development. These include Discovery Informatics, Molecular Modeling, Structural Biology, Medicinal Chemistry, In-vitro Biology, ADME (Absorption, Distribution, Metabolism and Excretion), Pharmacology, Toxicology and In-vivo efficacy. Our disease biology expertise spans across multiple therapy areas including Oncology, Metabolic Disorders, Neurological Disorders and Inflammation. Drug discovery at Jubilant is driven by the passion of its personnel to provide affordable drugs to the patients worldwide in areas of unmet need. Jubilant scientists collaborate across technology and therapeutic platforms to identify and validate novel small molecules and platforms that will enable first or best-in-class healthcare efforts of our collaborators. The competence of this team has been demonstrated by the progression of molecules to candidates starting from targets in a span of three years. Jubilant's ISO 27001-certified facility is designed to firewall collaborations for scientific, operational and data exclusivity. Working with Jubilant not only offers a significant cost advantage, but also provides access to the expertise of scientists trained in leading global universities and pharmaceutical companies.

Jubilant Chemsys is providing functional chemistry services from discovery scale to manufacturing level that can range up to 20 Kg. It has expertise on all kinds of chemistries including carbohydrates and steroids. The GMP facility which operates out of Jubilant Chemsys has delivered one (IND) enabling studies in FY 2018 and two more are in progress. Apart from standalone custom synthesis projects, Jubilant Chemsys is regularly involved in route scouting activity including enantioselective synthesis and absolute structure determination. The client base ranges from smaller Biotechs to large pharma from US, Japan, Europe and Australia. Jubilant Chemsys has successfully established numerous long-term collaborations with its clients, some for more than 10 years, based on the reliability and flexibility of its services and excellent communication practices.

Manufacturing

Jubilant Pharma's manufacturing operations continue to strengthen with strong focus on the following key enablers.

- **Compliance:** Compliance with diverse international regulations to maintain high quality standards and global customer base.
- **Customer service:** heightened awareness of our

customer needs, and striving towards delivering a quality product in a timely manner.

- **Capacity & Capabilities enhancement:** Sufficient Capacity to meet demand as well as respond to market opportunities. Capabilities enhancement to keep up with technology advancements.
- **Cost leadership:** Continue to improve our conversion cost to be more competitive and to stay longer in the market place
- **Continuous improvement:** Continually improve our processes using Business Excellence models
- **Continuity:** Business continuity through risk mitigation and sustainability measures

Compliance: We continue to improve our quality systems to ensure compliance with ever evolving regulations. Jubilant always strives to stay ahead of the curve to ensure compliance with regulations and meeting patient needs. One example is timely implementation of Track & Trace System in compliance with US FDA's Drug Supply Chain and Security Act. The Track and Trace System will enhance the US FDA's ability to help protect consumers from exposure to drugs that may be counterfeit, stolen, contaminated, or otherwise harmful. The system will improve detection and removal of potentially dangerous drugs from the supply chain to protect consumers. Jubilant is fully compliant to this regulatory system and all applicable finished dosage form manufacturing facilities had gone live in November 2017 with Track & Trace systems for the US market despite of the fact that US government extended the requirement by one year.

During FY 2018 the manufacturing facilities of Jubilant Pharma underwent successful regulatory inspections. US FDA has inspected our Jubilant HollisterSteir facility at Spokane, Washington, US; Jubilant DraxImage, Montreal, Canada and Jubilant Generics APIs facility at Nanjangud, India. Health Canada has inspected our Jubilant

“Jubilant always strives to stay ahead of the curve to ensure compliance with regulations and meeting patient needs.”

HollisterSteir facility at Montreal, Canada and Jubilant Generics facility at Nanjangud, India (Joint inspection with US FDA). European agency RP Darmstadt, Germany has inspected our Jubilant Generics facility at Roorkee, India. Our manufacturing facilities have also undergone inspections from our customers. The manufacturing facilities did not receive any major observations. US FDA has issued Establishment Inspection Reports (EIR's) and other agencies have issued Notices of Compliance, indicating successful closure of these inspections. Other successful inspections are from US DEA (US Drug Enforcement Agency) at Salisbury manufacturing facility and the regulatory agency was satisfied with controls and procedures in place for handling controlled substances. The Montreal, Canada manufacturing facility also was inspected by CNESST (Quebec regulatory agency for Occupational Health and Safety) during the year.

For Jubilant Pharma, we have always included Environment, Health & Safety (EHS) as one of the key decision enablers for any process implementation. Awareness sessions have been timely conducted to keep our employees, community and other stakeholders informed on key EHS aspects relevant to their operations. Status of the EHS compliance with respect to various statutes, rules and regulations applicable to the Company is governed through an intranet based application 'Statutory Compliance Reporting System' (SCRS) for Indian manufacturing facilities, and we have a separate Management Information System (MIS) for the North American manufacturing facilities considering the regulatory requirements applicable to the different sites and regions. Compliances are reported and reviewed by the Board on a periodic basis. The intent is to ensure that the compliances are effectively managed and controlled and that they support the Company's business objectives and corporate policy requirements.

The Nanjangud, India manufacturing facility successfully received Environment Clearance (EC) and Roorkee, India manufacturing facility received Consent to Establish (CTE) from the concerned regulatory agency for the expansion planned in the respective manufacturing facility.

During the year, Nanjangud, India manufacturing facility received Environment Management System (EMS) and OHSAS re-certification as per the latest ISO 14001: 2015 and OHSAS 18001: 2007 guidelines. We have also plans for implementation of occupational health & safety management system OHSAS 18001:2007 at our Roorkee, India manufacturing facility during the next financial year.

The Nanjangud, India manufacturing facility received 'Utthama Suraksha Puraskara' safety award from National Safety Council, Karnataka Chapter during the year.



Customer service: Jubilant operations fundamentally focuses on Supply Level Adherence (SLA) and Right First Time (RFT). By achieving excellence in these two key metrics, high levels of customer service is automatically achieved. The S&OP (Sales and Operations) process has been made more robust. We have received 'Supply Chain Excellence' award from a reputed pharma distributor in FY 2018.

Capacity & Capabilities expansion: Our Roorkee, India manufacturing facility is under expansion to increase our capacity to manufacture complex dosage forms like Multi Unit Pellet System. This state of the art expansion will increase our capacity by 60 % to manufacture products with diverse manufacturing processes and at larger scale.

Our manufacturing facility in Salisbury, US has gone through major capital investment with the objective of capacity expansion and enhanced automation of our packaging operations.

We have added Isolator technologies at our Canada manufacturing facility to ensure sterility of the product as well as reduce radiation exposure to our employees. We also have enhanced the automation to our RUBY- FILL® loading stations resulting in efficiency gains and capacity expansion. We are investing to automate several other manual processes to enhance efficiencies, compliance as well as health and safety of our employees.

At our CMO Operations in Spokane, US we are increasing our Lyophilization capacity and are also undertaking a site master planning to plan future expansions to further augment our capacities. Another new filler and Lyophilizer are in the process of procurement to replace

older equipment at our Allergy Therapy Products manufacturing facility to further improve operations reliability. At our CMO Operations at Montreal, Canada we have completed upgrades of our filling line and Lyophilizer.

Several capacity de-bottlenecking projects have been implemented and facilities upgraded to enhance GMP at our APIs manufacturing facility at Nanajangud, India.

Cost leadership: Our focus has been on conversion cost optimisation without compromising our quality and customer service standards. Several initiatives have been undertaken to reduce the conversion cost. We have undertaken several energy saving projects to reduce our utilities costs. Several automation projects and increased batch sizes in our operations are leading to head count rationalisation. Our bottoms-up Business Excellence initiative named 'Eureka' in North America and 'Sankalp' in India has allowed employees to come up with suggestions to reduce or eliminate waste in our processes. Our focus on training and process improvements have led to reduction of discards and improved 'Right First Time (RFT)'.

Continuous improvements: In Jubilant Pharma, Business Excellence function is proactively creating the framework for new improvement strategies which drives the competitive advantage backed by a strong execution mechanism & 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 which result in a superior co-ordination and integration of processes, learning and reconfiguration and transfiguration which become sources of competitive advantage and can be effectively used to leverage Company's competitive strategy.

During this journey of continual improvement, we have adopted various improvement methodologies in line with organisation priorities like Six Sigma, Total Productivity Management (TPM), Business Intelligence (BI) etc. This year also Business Excellence function has added competencies like Lean Lab deployment for optimising the efficiencies in Quality Labs.

The Business Excellence infrastructure element help creating a self-driven / mission directed team (MDT) which drive their operational area towards excellence in alignment to business objective through right accountability & training. This sustained culture of innovation & excellence is the resultant of deep commitment of the people at Jubilant.

Our Technical Services function is conducting more technology transfers than ever before. We understand that process robustness is critical success factor for ensuring reliable supply chain and product quality. Key emphasis has been laid by senior management on 'right on first time' transfers from R&D to manufacturing facilities or from one manufacturing facility to another. As part of its commitment to continuous improvement, knowledge transfer and enhanced product and process understanding, Jubilant has established technology transfer groups at its manufacturing and corporate sites as part of its commitment to new product introduction, product launches and continuous process improvement.

The Technical Services groups interface with key functions like R&D, Regulatory, Quality, Business, Supply Chain and Operations to ensure realisation of business objectives. Most importantly, the Technical Services functions to ensure that fundamental knowledge gained during the development is transferred to the manufacturing scale using a robust Quality by Design (QbD) approach.

Continuity: Business continuity is key for sustenance for which sound strategy is already in place. We also executed several risk mitigation projects to qualify alternate sites for key products, qualification of alternate sources for key active ingredients, excipients and components. We see our sustainability Programs a key enabler for ensuring business continuity.

'Sustainability' for Jubilant has been natural response to the needs of a sustainable business model as we evolved. The focus has been on building systems and processes which would in its normal course address sustainability issues and become a way of life in Jubilant. We have been reporting on sustainability using Global Reporting Initiative (GRI) guidelines capturing our triple bottom line performance since beginning. This has prepared us

“Sustainability’ for Jubilant has been natural response to the needs of a sustainable business model as we evolved.”

to adhere to global voluntary initiatives and guidelines which provided the Company confidence to address growing concerns of our investors and customers on sustainability. Another advantage has been development of internal systems to address the sustainability aspects. One of the significant examples is our Business Excellence team as mentioned earlier, which dedicatedly drives towards identifying projects for resource efficiency and directly linking them with the accrued financial savings. Some of such initiatives include replacing a chilled water unit with an air cooled compressor; reduction in power consumption by installing energy efficient agitators, in vacuum pumps, blowers etc.; elimination of the use of cardboard boxes for in-process material to reduce waste, the installation of LED lighting etc.

Carbon Footprint Reduction: The Nanjangud, India manufacturing facility has been disposing all the incinerable organic hazardous waste through co-processing in kiln of a cement Company. Through the co-processing this waste is utilised as an alternative fuel resource for cement manufacturing thereby reducing the carbon emissions due to the combustion of fossil fuel which would have been used otherwise. Additionally, we were able to further reduce the carbon footprint related to transportation of the waste by identifying a cement facility which is much closer to Nanjangud, India manufacturing facility. The formulation unit at Roorkee, India manufacturing facility also identified a similar opportunity, and started disposing 'off-specification products' waste through co-processing during the year.

Social Responsibility: Our responsibility towards the society in which we operate, is reflected in 'Our Promise' of 'Caring, Sharing, Growing'. We have always focused on identifying specific needs in the society through engaging with relevant stakeholders and encourage our employees to get engaged in similar way to augment the outreach. There have been many voluntary initiatives taken by our employees to contribute to society at large. For instance, Jubilant DraxImage is running an 'Expanded Access' Program for metaiodobenzylguanidine (MIBG) therapy in Canada and the US to extend lives of children suffering from neuroblastoma. This Expanded Access Program also provides MIBG product to adult patients with pheochromocytoma/paraganglioma. We will soon commence pivotal Phase 2 clinical trial which will allow US FDA submission. In addition, we have an important Phase 3 collaboration with the Children's Oncology Group (COG) for a precedent setting trial for MIBG therapy. This is one of the key Corporate Social Responsibility (CSR) works impacting lives of children and their families. At Salisbury, US manufacturing facility, employees raised US\$ 24,000 in employee/ employer contributions under United Way Campaign and also conducted blood donation drive and



fund drive for Puerto Rico disaster relief. At Spokane, US manufacturing facility, employees contributed to Second Harvest Food Bank, The Spokane Humane Society and Toys for Tots and were able to raise more than US\$ 15,000. During the year, the Nanjangud, India manufacturing facility sponsored a 2-days workshop on 'Industrial Pollution Control' organised by educational institutions in association with State Pollution Control Board.

The Company also participated in group wide initiative 'Jubilant Global Walkathon' where Jubilant supported following programs : Solving Hunger, Girl Education and Disaster Relief.

All community engagement programs are undertaken by Jubilant Bhartia Foundation (JBF) which is a 'not for profit' organisation established by Jubilant Bhartia Group. The social initiatives are implemented in the realm of education, health and livelihood. One of the new projects World on Wheels (WoW) was launched in Roorkee, India manufacturing facility in association with Hewlett Packard to support digital literacy in rural areas and enabling IT learning among rural schools, through mobile bus.

The other well-established 'Project Muskaan' aiming at universalising elementary education, covers several rural government primary schools located around Nanjangud and Roorkee.

Basic healthcare services are rendered to the community through a mobile health clinic at Nanjangud, India manufacturing facility. At Roorkee, India manufacturing facility, JBF is running a community based mother & child

health project named as Swasthya Prahari. The approach of the project is to mobilise community members through regular meetings and discussions on various health issues.

Under the livelihood project, we have established Vocational Training Centers (VTC) at Nanjangud where many candidates have been trained under various trades like plumbing, retail, embroidery, beauty & makeover, electrical etc. We have been supporting the local women Self Help Group (SHG) to successfully run the stitching center at Nanjangud for past six years. A similar model will be implemented at Roorkee soon.

Employee Engagement: We have always considered our employees and their families as the most important asset and keep them connected to the Company through regular engagement programs. The employees and their families participate in various activities like environment day celebration which includes many events like poster making competition, slogan writing competition, quiz competition, face painting activity etc. with prizes for winners in each categories. Other employee engagement programs include town hall meetings, appreciation breakfast for employees, family picnics, weekly birthday celebrations, physical wellness talks, cricket tournament, celebrations of important festivals, Women's Day celebration, rewards recognition program, etc. The new employee's induction program includes awareness / training sessions on sustainability aspects like environment, waste management, etc. One of the unique programs undertaken by the Salisbury, US manufacturing facility has been to support the presence of wildlife including Canadian Geese, Great Blue Herons and Great Egret within our ponds. Great effort is taken by the employees and contractors to keep their habitat undisturbed.

We took forward the growth initiatives of FY 2017 and the Manufacturing function played a pivotal role in the growth of the Company. Highest production benchmarks have been created across all the sites. There have been significant improvements and savings through raw material and energy norms improvement programs which reflects in the EBITDA growth of LSI.

Manufacturing strategy of 'Driving sustainable manufacturing in the dynamic business environment' and 'Zero tolerance to any non-compliance' has been the core focus of LSI Manufacturing and EHS functions through-out the year. All Manufacturing facilities have rapidly moved on capacity enhancements, capability improvements, production efficiency improvement, Environment, Health and Safety (EHS) improvement & Cost reduction. During the year, considerable investment across the manufacturing facilities has enabled facilities

to significantly improve in the areas of environment, energy conservation and recycling of water including Water security. New multi-purpose GMP Plant has been commissioned successfully at the Bharuch manufacturing facility. Agro-chemicals plant is under commissioning also at Bharuch manufacturing facility which demonstrates the effectiveness of LSI capability building strength.

Manufacturing Excellence, up-gradation of Automation levels, Business Excellence initiatives, intensive focus on EHS improvements and Natural Resource Conservation has enabled LSI to save on operating costs and improve the overall statutory and regulatory compliances. Energy conservation & effluent reduction efforts have been intensified during the year and will be carried forward more aggressively in the coming years.

Mechanisation and Automation of manual processes has led towards Manpower efficiency improvements in handling related areas, improved process safety in the manufacturing processes and skill development of the human resources. After thorough review of technologies throughout the year, plans have been drawn up for 'Digitalisation' and deployment of SMART Manufacturing tools and technologies including IIoT & Analytics for a future ready organisation.

Asset reliability & integrity improvement including structural integrity and infrastructure renovation and aggressive deployment of Total Productivity Management (TPM) concepts across all Strategic Business Units (SBUs) has enabled the sites to improve on the OPEs' & plant efficiencies, visual make-over, industrial safety and culture building towards a high performance organisation.

Jubilant Life Sciences Limited has led from the front and matched the pace by setting industry benchmarks

“Jubilant Life Sciences has led from the front and matched the pace by setting industry benchmarks in technology absorption.”

in technology absorption. Breakthrough technologies for improving operational efficiencies, productivity, EHS improvement and sustainable manufacturing has been reviewed and adopted in various plants. Process intensification efforts led to identification of application areas for advanced oxidation, usage of loop reactor and intensified distillation technologies which will be pursued and implemented in the near future.

Following the approach of triple bottom line (Environment, Economic and Social) factors and adopting the same as a part of the overall Company strategy, we have marched ahead towards creating a Sustainable Environment and has achieved the coveted Responsible Care Logo usage approval for Corporate Office at Noida, Uttar Pradesh, India and plant at Gajraula, Uttar Pradesh, India under the American Chemical Council's (ACC) Responsible Care® program. The management system certifications (ISO 9001, ISO 14001 & OHSAS 18001) have been successfully migrated to the latest standards. Vitamins and Specialty ingredients have received GMP approvals from Indian FDA & CDSCO at the Bharuch, India manufacturing facility, India. Food Safety and Standards Authority of India (FSSAI) Licenced and Feed Additives and Pre-mixtures Quality System (FAMI-QS) certified facilities manufacture Animal Nutrition and Human Nutrition products at Savli, India.

Certifications:

- Gajraula, Nira, Savli and Bharuch manufacturing facilities are now upgraded to the 2015 standards of Integrated Management systems (ISO 9001: 2015, ISO 14001:2015 & OHSAS 18001: 2007) by Det Norske Veritas.
- Animal Nutrition manufacturing facility at Savli and Vitamins plant at Bharuch is certified for FAMI-QS Code Version 5.1 in Feed Safety Management System.
- Vitamins manufacturing facility of Bharuch is certified to Kosher, Halal-India, Halal-Malaysia, Halal Indonesia, Food Safety System Certification (FSSC) 22000 (Global Food Safety) Compliance and has been licensed by Food Safety and Standards Authority of India (FSSAI).
- Gajraula Quality Control Laboratory has also been accredited by National Accreditation Board for Testing and Calibration Laboratories (NABL) for chemical testing in accordance with the ISO/ IEC 17025:2005, Gajraula.
- Gajraula, India manufacturing facility has been Kosher approved for Nine core products in the Fine Ingredient business and also Halal certified for Eight core products



- The Carbon Dioxide Plant at Gajraula, India manufacturing facility has been certified for FSSC 22000:2005 also against TS22002-01:2009 (Food Safety System Certification) for production and dispatch of food grade Carbon Dioxide for beverages. This facility is also approved by FSSAI.
- At Nira, India manufacturing facility Ethyl Acetate and Acetic Anhydride is certified for Food Safety System Certification (FSSC) ISO-22000:2005 for production and dispatch of these food grade products
- Glacial Acetic Acid from Nira, India manufacturing facility has been certified FSSC /ISO-22000:2005 for storage and supply of food grade Acetic Acid.
- Manufacturing facility at Nira, India has been Kosher approved for four products i.e. Ethyl Acetate, Acetic Acid, Acetic Anhydride and Ethyl Alcohol. The facility is also Halal Certified for Acetic Anhydride, Ethyl Acetate and Acetic Acid.

Supply Chain

Pharmaceuticals

We embarked on a journey of consolidation in the FY 2018. We focused on customer service by improving OTIF, cost optimisation across the spent base and improving working capital by reducing inventory through the value chain. We used modern negotiation tools like reverse auction and project management tools to ensure timely and cost efficient execution of many capacity expansion projects. Within one year

of SAP implementation by the business, there are visible efficiencies in terms of real time Management Information System (MIS) enabling access to updated data thus helping Supply Chain Management (SCM) in effective decision making.

During the year, overall spend had gone through both positives and negative phases and in the second half of the year market witnessed increase in crude oil prices and demand-supply gap for major solvents across the globe. Also due to environment control in China many of the Active Pharmaceutical Ingredients (APIs) and Key Starting Material (KSM) prices went up. This was a major challenge for SCM to keep spend within the budget. By leveraging on strategic negotiation, alternate vendor development and entering into long-term contracts we ensured business continuity and also mitigated the negative purchase price variances.

Initiatives like outsourcing the Advance Intermediates helped in releasing in-house capacities and generating more sales revenue. Consolidation of spend with other businesses helped us in achieving saving and better service levels to internal customers.

We have coordinated and supported the timely filing of new DMFs & ANDAs which are critical for business growth, plant expansion projects were taken up and completed on time during the year successfully through excellent coordination and delivery adherence.

In our journey of excellence, our key focus during these years has been de-risking of single sourced items and reducing our dependency on China for raw material procurement due to cost escalation and environmental challenges faced there. Compared to previous year, we were successful in reducing the China dependency to a large extent. Plans are in place to come out of this dependency by outsourcing model developing our own processes.

Many green supply chain initiatives were taken like disposing of solid waste and spent solvents to cement industry thereby reducing burden on land filling. Usage of Bio-Diesel as a boiler fuel. Power trading through Indian Energy Exchange (IEX) giving good savings.

We embarked on a journey of integrated and optimised production, material and distribution planning using advanced optimiser to further improve customer service while reducing inventory.

Life Science Ingredients

The year FY 2018 was very challenging and engaging for Supply Chain in Life Science Ingredients. Supply Chain was actively involved in timely and effective execution of many capacity expansion projects of the business.

Our continued focus on consolidation of spend and use of modern negotiation tools has helped us in reduction of buying cost and improvement in service levels to internal customers.

In line to our objective of being the best-in-class Supply Chain, we have been constantly working towards initiatives that help us achieve our goals directly or indirectly. Use of Big Data helped us to better predict and take timely decisions in buying critical commodities. We have started leveraging the power of data analytics that has helped us in consolidation of logistics spend across the globe and Maintenance, Repair and Operations (MRO) spends across all plant sites bringing in significant bottom line impact. We make sure that we de-risk our Supply Chain across categories and this year, logistics has been one of the key beneficiaries of our de-risking strategy with the introduction of a new rail operator. The Supply Chain function has become leaner while empowering the team with added responsibilities.

In second half of FY 2018, the market witnessed firm crude oil prices and high freight demand leading to a lot of volatility in the commodity price and freights. It was our endeavour to strategise the buying policies and leverage the market scenarios to reduce the negative impact of this turbulence on the overall Supply Chain efficiency.

Going forward, we shall continue to target and achieve higher levels of efficiency across categories with a primary focus in the area of raw material and logistics while ensuring delivery of value to our end customer.

Drug Discovery Solutions

During FY 2018, Supply Chain continued to manage with lean staff and better work-defined break structures. Consolidation of rate contracts for supplies and services across Jubilant, efficient inventory management and

“We embarked on a journey of integrated & optimised production, material and distribution planning using advanced optimiser to further improve customer service while reducing inventory.”

linking customer demands to available budgets has brought in increased savings; adding value to the actual spend. Emphasis was laid on vendor performance evaluation leading to much better feedback loop comprising of assessing parameters like quality, economic cost and reliability analysis. Process excellence plans were also implemented by selecting process control elements at all levels, precisely aligning to the Information Systems (IS). Persistent road blocks due to increased scrutiny at customs for imports that posed unexpected challenges were learnt and advance plans were made to moderate the purchase flow. Besides other efforts, increased vendor base on domestic front improved the Turn Around Time (TAT) leading to improved project life cycles.

The SCM team across businesses, worked in tandem with the finance & indirect taxation team to ensure smooth implementation of Goods and Services Tax (GST) roll-out, Supply Chain continues to strive to benchmark compliance as an essential component, thereby keeping existing attributes intact.

Business Excellence

Business Excellence continuously strives to build a culture of Excellence in Jubilant by seeking to enhance the organisation's people, processes and system capabilities. Deployment of latest transformational methodologies drives the competitive advantage, backed by strong execution mechanism and capabilities. At the same time employees are involved at all levels through the Certification and 'Sankalp' programs thus building the DNA of Excellence in the organisation.

“At Jubilant, Business Excellence continuously strives to build a culture of Excellence by seeking to enhance the organisation's people, processes and system capabilities.”

Pharmaceuticals

Along with process owners the team is engaged in enhancement of efficiencies through reduction in process lead times in Operations, Supply Chain, Quality as well as R&D. Reduction of losses in the production processes have increased OPE leading to enhanced capacities and ensuring reliable and repeatable output. This in turn has led to substantial increase in Service Levels to our customers. At the same time we have worked on Product Quality drastically reducing discards and improving yields. While we have deployed a number of new methodologies like Lean, TPM (Total Productive Maintenance), QBD (Quality by Design) etc. in the past, this year we have introduced the concept of Lean Labs to improve efficiencies in our Quality Labs. This way the organisation is kept in line with the latest tools and techniques.

Engagement in North American sites is being enhanced to identify more opportunities so as to add substantial value to our organisation.

Our vision is to establish a world class Business Excellence Management System to create value through a culture of continuous improvement.

Life Science Ingredients

A very strong culture of deploying process improvement tools and techniques has been established in operations. Projects leading to capacity enhancements, yield improvements and energy savings have significantly contributed to the operating margins. While we sustain and enhance these gains in operations, we have extended engagement of Business Excellence to Supply Chain and Office functions through deployment of lean methodologies.

We will continue to aggressively deploy TPM across all manufacturing facilities, leading to enhancement in asset reliability, reduction in production losses and improvement in Overall Plant Effectiveness (OPE). Strong focus has been placed on establishing a clean and safe workplace, visual management and standardisation.

Drug Discovery Solutions

Last financial year has been a year of some major initiatives on Business Excellence fronts to improve upon various functions within Drug Discovery Solutions (DDS) to the next level. At DDS we believe that the scientific services organisation can only excel by creating a culture of excellence in the organisation by continuously seeking to enhance people, processes and systems.

Initiatives on the Supply Chain front included inventory and cost optimisation projects, harmonisation of contracts for products and services areas Jubilant lead to the significant reduction on Turn Around Time (TAT) to the internal customers which in turn improved the prompt delivery to the clients.

At DDS, much like the parent organisation, continuous improvement is the mantra and with the induction of seven new green belts we have a larger project on hand to add to this process in the current year.

Human Resource Management

Our employees are at the core of every business strategy and success of the business is driven by the effective execution of the strategy. Our employees play a pivotal role in ensuring sustainable business growth and future readiness of the organisation. As on 31st March, 2018 we have over 7,600 employees across various businesses and functions globally.

Jubilant is committed to its promise of Sharing, Caring and Growing ensuring value to our stakeholders by bringing efficiencies and cost optimised initiatives.

To further strengthen our commitment, HR team is focusing on enhancing both candidate and employee experiences by bringing effectiveness in our system through digitisation.

In the learning and development space, we launched 'Learning Management System' (LMS) providing online training courses on business, functional, management & leadership skills to hone and fostering a culture to continuous learning in the organisation. Additionally, we have mandatory programs for employees on Code of Conduct, Whistle Blower and Prevention of Sexual Harassment at workplace to reinforce our commitment to governance and adherence to the code of conduct and fair business practices.

We foster a work environment and culture to build talent and leadership pipeline for future readiness. We had redefined the talent management framework and launched the online module in HRIS to identify critical roles and succession plan for these critical positions. We



have been able to leverage the technology to define the roadmap for critical talent over the next 5 years.

At Jubilant, we continue to strive to attract best talent to fuel accelerated contribution and growth however, there is continues talent war across the industry. With the endeavour to combat this war, it is imperative for us to be talent magnets. In align with this need, we had launched to employee branding survey to understand how external world – Customers, Students, prospective candidates etc. perceives Jubilant and how different it is from internal perception. We have got satisfactory response and have identified the focus area to strengthen our Employer’s Value Proposition.

Human Resources function is at the helm of strengthen our business foundation by bring right talent in Jubilant which is focused on continuous learning and growth. We constantly endeavour to make Jubilant Life Sciences one of the best places to work as we live Our Promise of Caring, Sharing, and Growing.



INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

Risk-taking is an inherent trait of any enterprise. It is essential for growth or creation of value in a company. At the same time, it is important that the risks are properly managed and controlled, so that the Company can achieve its objectives effectively and efficiently.

Internal Financial Control Framework

Provisions of the Companies Act, 2013 under section 134(5)(e) require a company to lay down Internal Financial Controls (IFC) system and to ensure that these are adequate and operating effectively. Internal Financial Controls, here, means the policy and procedure adopted by the company for ensuring the orderly and efficient conduct of its business including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

The above requirement has the following elements:

1. Orderly and efficient conduct of business
2. Safeguarding of its assets
3. Adherence to company's policies
4. Prevention and detection of frauds and errors
5. Accuracy and completeness of the accounting records and timely preparation of reliable financial information

At Jubilant Life Sciences Limited, the Internal Financial Controls system has been established and incorporates all the five elements as mentioned above. In addition, we have a transparent framework for periodic evaluation of the Internal Financial Controls in the form of internal audit exercise carried out through the year and online controls self-assessment through Controls Manager Software, thereby reinforcing the commitment to adopt best corporate governance practices.

Policy and procedure adopted by the Company to adhere to IFC elements is given below:

Orderly and Efficient Conduct of Business

We have a well laid down organisational structure which defines the authority-responsibility relationship and a formal financial planning and budgeting system encompassing short term as well as long term planning. In order to ensure that decisions are made and action taken at an appropriate level, the Board of Directors of the Company has formulated the Delegation of Authority which has been designed to ensure that there is judicious balance of authority and responsibility. The adherence to Delegation of Authority is part of Internal Audit Plan. We also have a risk management framework which has been discussed under the heading 'Our Vision on Risk Management'.

Compliance with respect to various statutes, rules and regulations applicable to the Company is managed by

Secretarial Department. Status of compliance is governed through an intranet based application 'Statutory Compliance Reporting System' (SCRS). Respective control owners certify the compliances on a quarterly basis in SCRS and a compliance report is prepared through SCRS. The objective of the SCRS certification is to ensure that the compliances are effectively managed and controlled and that they support the Company's business objectives and corporate policy requirements.

Safeguarding of its Assets

We have taken Industrial All Risk insurance policies for plants of the Company and Fire & Burglary insurance policies for other locations (including Corporate Office) to safeguard assets. The Company also carries out a physical verification of its assets.

Adherence to the Company's Policies

We have two tier policies and procedures viz. Entity Level Controls and Process Level Controls. The Entity Level Controls include a comprehensive Code of Conduct. We also have a Whistle Blower Policy and any employee of the Company can directly write to the Ombudsman. We also have process level controls which cover a wide range of key operating financial and compliance related areas like Accounting, Order to Cash, Procurement to Payment, Inventory to Production, Treasury, Legal, Forex, Fixed Assets, Direct and Indirect Tax, R&D, Information Technology General Controls (ITGC) etc.

Self-assessment certification of controls is being done by the Control Owners through a verifiable and transparent process and such certification is reinforced by Activity and Location Owners, as they give in-principle approval to the self-assessment by the Control Owners. Result of Controls Manager certification is prepared and presented to the audit committee every quarter by the Chief Financial Officer (CFO) for exception review.

Controls certification is also being validated by the in-house team through review of the assertions certified by the Control Owners on sample basis regularly across business units, plants, branches and Corporate Office and validation results of Controls Manager certification are prepared and presented annually to the audit committee.

The above policies are periodically reviewed and refreshed in line with the changes in business and regulatory requirements.

The Audit Committee, on a quarterly and annual basis, reviews the adequacy and effectiveness of the internal controls being exercised by various business and support functions.

Prevention and Detection of Frauds and Errors

Due to the presence of strong Code of Conduct and

Whistle Blower Policy, it is generally expected that serious frauds will not take place. In order to prevent and detect frauds and errors, perpetual internal audit activity is carried out by Ernst & Young LLP. Action points and suggestions made by them are discussed in Sub-Audit Committee meeting before presenting the same to the Audit Committee. Subsequently, follow-up audits are also carried out by in-house internal audit team to ensure implementation of the suggestions. In addition, special audits are performed in areas that may be vulnerable to fraud.

Accuracy and Completeness of the Accounting Records and Timely Preparation of Reliable Financial Information

We have a well-documented Accounting Manual. The Accounting Manual contains detailed guidelines on all aspects of accounting which helps in ensuring that the accounts and finance team is well updated on the accounting requirements. Financial consolidation is carried out through an Enterprise Resource Planning system called Hyperion thereby minimising the chances of manual errors. The financial information is verified by the statutory auditors on a periodic basis as per the requirements of Companies Act, 2013, Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations'), Institute of Chartered Accountants of India (ICAI) guidelines, etc. We provide structured training to the accounts and finance team on a wide range of topics covering Indian Accounting Standards (IndAS), International Financial Reporting Standards (IFRS), Companies Act, 2013, Direct & Indirect taxes, etc. through in-house & outside experts.

Implementation of Internal Financial Controls

To compete globally, world class Corporate Governance and Financial Control over operations are a must for the Company. The Internal Financial Controls as mandated by the Companies Act, not only require a certification from CEO-CFO but also put an obligation on the Board of Directors to ensure that the Internal Financial Controls are adequate and operating effectively. Besides this, the Statutory Auditors are also required to give an opinion on the adequacy and effectiveness of Internal Controls over Financial Reporting (ICFR).

To make the Internal Financial Controls framework robust, we have worked on three lines of defence strategy which is as under:

- First Line of Defence: Build internal controls into operating processes – To this end, we have ensured that a detailed Delegation of Authority is issued, Standard Operating Procedures (SOPs) for the processes are created, financial decision making is done through Committees, IT controls are built into

the processes, segregation of duties is done, strong budgetary control framework exists, the Entity level controls including Code of Conduct, Ombudsman Office are put in place, etc.

- Second Line of Defence: Create an efficient review mechanism – We created a review mechanism under which all the business units and functions are reviewed for performance at least once in a month by the respective CEOs and once in a quarter, by the corporate team. The formats for these reviews are detailed and finalised with the help of global consulting firms.
- Third Line of Defence: Independent assurance – We have appointed a Big Four accounting firm as our internal auditors to perform systematic independent audit of every aspect of the business to provide independent assurance on the effectiveness of the internal controls and highlight the gaps for continuous improvement.

We have implemented a program under which more than 2,000 financial controls are established and certified on a quarterly basis by the relevant process owners before the financial results are closed for the quarter. A quarterly certification process is maintained through a work flow based IT tool called 'Controls Manager' and this certification is the basis of the 'CEO-CFO certification' of internal controls as per Regulation 17(8) read with Part B of Schedule II to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations')

Control library and Control Matrix is regularly updated and the exercise of review of controls was conducted during the year by in-house process owners with the help of a Big Four accounting firm. The revised control framework after such review was tested for operational effectiveness by the Statutory Auditors and they have given an affirmative opinion about the adequacy and effectiveness of Internal Controls for Financial Reporting in the Company.

We have three business segments namely a) Pharmaceuticals b) Life Science Ingredients and c) Drug Discovery Solutions. Each segment has a complete management set up with CEO, CFO and other functional heads who are responsible for running the operations and report to the Chairman/ Co-Chairman and Managing Director (CCMD) and the Corporate Committee.

To improve the controls in operations, we have established, for each line of business, the concept of financial decision making through operational committees. The entire Purchase, Credit Control and Capital Expenditure decisions are taken jointly in committees. The key roles of these business committees are as under:

- Purchase Committee which ensures high quality purchases at economical cost and maintains reliability of supplies from reputed suppliers with long-term relationships. This committee includes CEO, CFO, Head of Supply Chain and the relevant SBU (Strategic Business Unit) / Functional head.
- Capex Committee which ensures cost reduction with proper negotiation and monitors time & cost overrun. This committee includes CEO, CFO, Head of Projects, Head of Supply Chain and the relevant SBU head/ Functional head.
- Credit Committee which evaluates the credit risk and approves the maximum credit which can be provided to a customer. This committee approves the credit limits at the beginning of the year and is empowered to make changes as and when required. This committee includes CFO, CEO and the SBU head.
- Business Performance Committee which reviews the business performance on a monthly basis. This committee includes CEO, CFO, Functional heads and the relevant SBU head.

In addition to the above, to maintain periodic review and control, we have a structured weekly meeting between the corporate team and the business leadership team. Through this meeting, the corporate team keeps itself abreast of the latest business developments and guides the business team to undertake mid-course corrections, if required. This meeting also provides a forum for obtaining the relevant approvals required from the Corporate team as per Delegation of Authority. Participants at this meeting are Chairman/ CCMD/ Executive Director/ Chief Scientific Officer from Corporate side and CEO and CFO from the Business side.

Further, a detailed quarterly review of the business performance with the Chairman/ CCMD and the

“To improve the controls in operations, we have established, for each line of business, the concept of financial decision making through operational committees.”

Corporate Committee is organised to identify any gaps in performance and to consider mid-course corrections.

Our Vision on Risk Management

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

Risk Management Strategy

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

Our senior management team sets the overall tone for risk minimisation culture through defined and communicated corporate values, clearly assigned risk mitigation 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.

Risk Management Structure

Our risk management structure comprises the Board of Directors and Audit Committee at the Apex Level, supported by Executive Director (ED), Chief Executive Officers (CEOs), Business Chief Financial Officers (CFOs), Functional Heads, Strategic Business Unit Heads and Head of Management 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 Director & CEOs and actions are drawn upon. Progress against the risk management plan is periodically monitored.

The Audit Committee, Executive Director, CEOs, CFOs and Head of Management Assurance act as a governing body to monitor the effectiveness of the Internal Financial Controls framework.

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.

Each SBU Head updates the risk register and identifies top 3 to 5 risks for the business. The CEO then consolidates top 10 risks of the Life Science Ingredients segment and reports the same on a periodic basis to the Board of

Directors along with mitigation plan.

We have a quarterly certification process wherein, the concerned control/ process owners certify the correctness of entity level and process level controls. The certification process has been in operation for more than 11 years and covers over 2,000 controls. The process level controls cover a wide variety of key operating, financial and compliance related areas while entity level controls cover integrity and ethical values, adequacy of audit and control mechanism and effectiveness of internal and external communication, thereby, strengthening the internal financial control systems and processes with clear documentation on key control points. This has made our internal controls and processes stronger and also serves as the basis for compliance with the provisions of the 'Listing Regulations'.

Management's Assessment of Risk

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

Competition, Cost Competitiveness & Pricing

In the Pharmaceuticals segment, our dependency on Chinese suppliers for import of raw materials may lead to import disruptions, short supplies and production bottlenecks due to unforeseen changes in government regulations and economic policies of China or India.

We are making efforts to create newer alternative sources of raw material supplies. Continuous tracking of market trends is done by our procurement team for keeping adequate inventory levels to avoid any shortages.

The pharmaceutical industry is highly competitive and is affected by new technologies, new developments, government regulations, healthcare legislation, availability of financing and other factors. Many of our competitors have longer operating history and substantially greater financial, research and development, marketing and other resources than us. As a generic pharmaceuticals supplier, we compete with branded products, as well as generic pharmaceutical companies supplying other bioequivalent products.

We face intense competition from other pharmaceutical companies in North America and in India and introduction of new products by competitors may impair our competitive advantage and lead to decline in the Company's revenue and profits.

Like most other companies, in Pharmaceuticals segment, the Company is subject to pricing pressure. Prices are a function of demand and supply. We face nearly perfect competition in the generic drugs industry. Prices change in response to supply and other competitive

forces. Domestic pricing is influenced by global trends in both availability and prices of imported Active Pharmaceutical Ingredients (APIs). With respect to our Contract Manufacturing of Sterile Injectables business, the market is competitive and companies often use pricing as a differentiator from their competitors.

The US market is undergoing structural changes with supply chain consolidation and the delays in Abbreviated New Drug Application (ANDA) approvals are affecting the industry. We have adopted a multi-pronged approach to grow our business in US. Apart from our regular filings in relation to oral solid products, we are planning to file applications for more complex products including Injectables and Ophthalmics, leveraging our strength in sterile manufacturing. Some pharmaceutical companies with noticeable presence in particular segments which are in greater demand are able to differentiate themselves as they offer a higher value proposition.

Our competitors in APIs and Solid Dosage Formulations include other pharmaceutical companies that develop or may develop products within the same therapeutic areas as our current and future products. Our competitors include, major pharmaceutical and chemical companies, specialised contract research organisations, research and development (R&D) firms, universities and other research institutions.

In order to combat the risk of rising competition and to ensure that cost competitiveness is maintained, we continue to explore all options viz.

- In Pharmaceuticals segment, new products continue to get launched by experienced and talented R&D teams which work to deliver on the marketing strategy by developing new cost effective processes/products to meet customer demand and build market share.
- For some of our generic formulations, we have captive manufacturing of APIs to ensure timely material availability and effective cost control to focus on improving profit margins.
- In Pharmaceuticals segment, we strive to manage pricing pressure by focusing on quality assurance to minimise the possibilities of commoditisation. The in-house R&D team is striving to develop cost effective products by redefining the production process.
- The competitive strengths of our manufacturing expertise across different businesses of our Pharmaceuticals segment along with our market lead in North America in sterile vial manufacturing and active relationships with global pharmaceutical companies allow us to compete effectively against our competitors.

In the Life Science Ingredients segment, a significant share of our business comes from exports and it faces stiff competition in both domestic and international markets.

Manufacturers in China, who gain from economies of scale, favourable policies and lower cost along with other advantages, may adversely affect our ability to maintain market leadership, achieve planned growth and generate planned margins.

Additional risk of competition exists in the form of (i) certain competitors being suppliers of core raw materials for Life Science Chemicals business of the Company, (ii) new entrants resorting to penetration pricing to make inroads, (iii) Chinese manufacturers' strategy to initiate price wars with Indian manufacturers. These competition risks and excess capacity, amongst others, can force a decrease in prices and consequently affect margins.

In our Advance Intermediates business which primarily comprises Pyridine and Beta Picoline, the global market is having excess capacity, out of which bulk of the installed capacity resides in China. Over the last year, China has been facing challenges in terms of environment management which impacts operating cost of the Pyridine and Beta Picoline manufacturers as well. In addition to effluent management, China has started focusing on occupational health and safety as well. We anticipate that this focus would continue to remain for the next few years, during which time the manufacturers would be adjusting production to comply with regulatory norms. Further during the year 2017, Vietnam and Taiwan had declared their decision to ban import and production of Paraquat from 2018 onwards. As a result there was a spurt in exports of Paraquat to Vietnam and Taiwan by global manufacturers. As production of Paraquat is a major end use for Pyridine, this led to a spurt in global Pyridine production, resulting

“For some of our generic formulations, we have captive manufacturing of APIs to ensure timely material availability and effective cost control to focus on improving profit margins.”

in proportional Beta Picoline generation as well. The market is expected to adjust pricing of Beta Picoline till the additional inventory is consumed.

Fine Ingredients business faces significant competition from Chinese players both in the Indian as well as international markets. The competition has intensified due to the entry of manufacturers of Pyridine and its derivatives in the Fine Ingredients market. At the same time, China has significant advantages in terms of excess capacity, low cost capital and availability of raw materials. This poses a risk of downward pressure on the prices of Fine Ingredients products and may lead to supply of material at low prices by Chinese companies in the Indian market adversely affecting our market share. We recognise the risk and have engaged in proactive mitigation by doing continuous improvement in processes, promoting our products into new applications, entering into long term contracts with customers and maximising the utilisation of existing assets to improve margins. Due to reduction in the lifecycle of new products, we are working towards creating new building-blocks and new chemistry platforms to increase the product portfolio and market offerings.

In Vitamin B3 market, capacity far exceeds demand and there has been emergence of new vertically integrated competitors. This could result in downward pressure on Vitamin B3 pricing if these players resort to aggressive pricing to gain market share, however their capacity utilisation is restricted by availability of a critical raw material i.e. Beta Picoline, which is evident from the current market situation where Beta Picoline availability is low. We plan to mitigate this risk by focusing our effort on more profitable market applications which are less price sensitive.

In the Animal Nutrition business, we are facing stiff competition. High fluctuation in demand and supply continued to exert pressure on prices of broiler and eggs, leading to unpredictable price trends in domestic poultry market during the financial year 2017-18. Introducing more innovative performance enhancer products and diversification to other species' feed markets such as dairy and aqua and exploring export markets are primary risk mitigation measures being undertaken by us.

There has been strong demand for crop protection intermediates because of environmental issues in China which the factories in China are not able to fulfil. Hence, there is a good opportunity for our Crop Science Ingredients business to develop and launch new products. We plan to launch five new products in the near future. However, we may face Chinese competition in these products once Chinese producers shift their plants to new locations to increase manufacturing capacity. We plan to mitigate this risk by planning alternative products using the same assets (i.e. our multipurpose



plants) optimally as per the contribution margin.

The Ethanol business is vigorously supporting the Ethanol Blending Program (EBP) of the Government of India. In the current EBP tender from December 2017 to November 2018, we have been successfully awarded a tender for supplying seven crore litre of ethanol in the states of Uttar Pradesh, Delhi and Maharashtra in India. With these expected supplies, we will be the fourth largest supplier for EBP nationally. Moreover, a price increase based on Government's new policy has improved our business margins. The business is focused on improving our production capacities with continuous investment and operational excellence. This is expected to eventually help us in maintaining our position as one of the largest contributors to the EBP.

In order to combat the risk of rising competition and to ensure that cost competitiveness is maintained, we continue to explore all options viz.

- Increasing penetration in other geographies and strengthening our supply position with our existing strategic customers through competitive offering to achieve a higher share of customers' business. Wherever feasible, we enter into long term contracts with volume commitments and prices which are linked to key input material prices to mitigate risks.
- Building long term relationships with key customers by offering improved quality and service experience. Passing on the increase in the raw material prices to customers on the strength of excellent customer relationships and sales and distribution network.
- Building economies of scale in manufacturing, distribution channels and procurement to maintain cost advantage and sustained entry barrier.

- Introducing cost improvement initiatives and manufacturing efficiency improvement plans at plants by undertaking projects under Business Excellence program and by applying many tools and techniques like Lean, Six Sigma and Total Productive Maintenance etc. Developing economical alternatives and re-engineering costs to counter increase in input cost. Cost optimisation has enabled us to counter international competition.
- Significant R&D has been done to improve raw material and utilities consumption and increase manufacturing efficiency.
- Developing external manufacturing facilities to make the products expeditiously and at lower cost.
- Developing new suppliers to mitigate the risk of higher input prices and non-availability of raw material in time. Micro level planning of inventory also places focus on handling inventory costs.

In the Drug Discovery Solutions segment, the pharmaceutical industry is facing significant challenges such as escalating cost of R&D, patent expirations, pricing pressure, increased regulatory and safety hurdles as well as lower productivity. The pharmaceutical industry as a whole has been constantly re-evaluating its business model across the entire R&D value chain. This has resulted in a drive towards cost reduction which has increased the industry's appetite for externalisation of more R&D processes. This increased outsourcing has benefited us as well as the entire drug discovery and development marketplace which has resulted in a better market, albeit with increased competition from Custom Research Organisations (CROs) around the world and notably from China. To mitigate this risk, we are constantly reviewing our internal processes and organisational structure to ensure higher efficiency, increased scientific output and cost effectiveness. We have also evolved our business model to include a portfolio of proprietary drug discovery projects which we can out-license to the pharmaceutical industry to generate revenue in the form of milestone based fees and royalties along with research funding. We perform the role of traditional CROs, by delivering small molecule drug discovery services to our clients. We also develop our own portfolio of proprietary Pre-clinical drug discovery programs that we use to initiate discovery collaborations with our clients through out-licensing or partnership models.

Dependence on Certain Key Products and Customers

The Company depends on certain key products for a significant portion of its total revenue, cash flows and earnings, and any events that adversely affect the markets for key products may adversely affect its financial condition, results of operations and profitability. If the volume or pricing of our largest selling products declines

in future or the Company is unable to satisfy market demand for these products, its financial condition, results of operations and profitability could also be adversely affected. Any event that adversely affects any of these products or their markets could have a material and adverse effect on our business, financial condition and results of operations.

We continue to launch new products with the help of R&D teams which help in developing new cost effective processes/ products to meet customer demand and build market share. We may also change our product mix appropriately.

In the Drug Discovery Solutions segment, we have several large collaborations with key pharmaceutical and biotech companies that provide a large portion of the segment revenue each year. If these collaborations were to end abruptly there would be an impact on our revenue and profitability. To mitigate this risk, we have a team of business development professionals in the field who interact with clients on a constant basis to generate additional business. These interactions include the development of new clients as well as strengthening of relationships with existing clients. We have a strong brand and reputation in the industry which helps us to attract and retain our clients. In addition, our mixed business model with our portfolio of proprietary programs is also an attractive marketing tool to bring in larger deals and to develop our long term interaction with key clients.

Foreign Currency and Interest Rate Exposures

There has been significant movement in exchange rates over many years. Due to our global operations, we have significant foreign currency exposures. Adverse movement in exchange rates can significantly impact the financial results of the Company. Volatility and uncertainty in foreign exchange rates creates complexity and challenges in determining the price which balances margin protection goal and at the same time is attractive to customers.

“We continue to launch new products with the help of R&D teams which help in developing new cost effective processes/ products to meet customer demand and build market share.”

Increase in borrowing cost may also adversely impact our profitability. We borrow funds in the domestic and international markets from various banks and financial institutions to meet the long-term and short-term funding requirements for operations and funding growth initiatives. Increases in interest rates may increase the cost of any floating rate debt that we incur.

To mitigate foreign currency related risks, the Company may enter into forward contracts. We have a foreign exchange risk management team which includes the top management of the Company. This team formulates the foreign exchange risk management approach and reviews on a continuous basis to align it with developments in the external environment and business requirements. Further, if required, currency and interest rate swaps are taken on loans and interest rate exposures. A quarterly update on foreign exchange exposures, outstanding forward contracts and derivatives is placed before the Board of Directors of the Company. We also actively pursue opportunities for reduction in borrowing costs.

Capacity Planning and Optimisation

Our production capacity may not be aligned with market demand. Insufficient capacity threatens our ability to meet demand and be competitive, and excess capacity threatens the organisation's ability to generate competitive profit margins.

We ensure that capacities are well planned and optimised to respond to market realities in the following ways:

- The Company continues to invest in the optimisation of our manufacturing capacity utilisation. Such optimisation is driven by continuous de-bottlenecking of our manufacturing plants/streams and by value engineering through the application of Six Sigma, Lean Sigma and other value-added tools for productivity enhancement. In addition, we also build new capacities as per our commercialisation plans based on customer approvals and patent expiry of various molecules. We intend to continuously increase production capacity for several of our APIs products. For example, the Company expanded production capacity of its products such as Lamotrigine, Escitalopram Oxalate, Oxcarbazepine and Pinavarium Bromide through de-bottlenecking and line balancing of its existing plants at Nanjangud to increase production capacity.
- The business teams regularly track the trends for each product to ensure that there is sufficient capacity to meet demand. We have robust processes to continuously monitor plant capacities and utilisation, drive improvements aligned with good manufacturing practices such as preventive maintenance schedules and modify plant designs



in case of repeated breakdown. We periodically undertake de-bottlenecking and other initiatives to improve efficiency in terms of throughput, cost reduction and to also build additional capacities without committing significant capital outlay thereby generating better return on investment. We have proactively improved capacities of key Fine Ingredient products by 15-25%, hence gearing up for the growing demand for their pharmaceutical end products.

- We have developed a dedicated external manufacturing team which can help to outsource some capacities and capabilities in order to ensure quicker response to unforeseen market demand.
- To mitigate excess capacity situations or lower asset utilisation, we continuously evaluate manufacturing of new intermediates by using existing assets thereby making the plants multi-purpose, thus improving flexibility. We continue to work on the production of 'Alpha Picoline' and 'Gamma Picoline', which will primarily cater to captive requirements, besides meeting market demand. We have retrofitted our existing multi-purpose plants to manufacture new Pyridine derivatives for pharmaceutical and biocide applications. We are also doing forward integration to create value added Fine Ingredients products from our current Good Manufacturing Practices (cGMP) multi-purpose facility for global customers. We are also filing secondary Drug Master Files (DMFs) for new Advance Intermediates.

Manufacturing Operations

One of our key strengths is excellence in carrying out manufacturing activities with utmost efficiency. Hence,

any risk that challenges the manufacturing operations would be a cause of concern. We have made an effort to identify such risks and be prepared to mitigate the same.

We are committed to process improvement by means of automation, regular training to workers, establishing clear Standard Operating Procedures (SOPs) and process guidelines which will lead to reduction in cycle time and improvement in productivity.

Any inconsistency in the availability of water may pose a threat to our manufacturing operations in India. As a proactive approach, our operations team has been working on maximising the recycling of water from effluent streams and reduction of water intake at source.

In the Pharmaceuticals segment, manufacturing problems could cause inventory shortages and delay product shipments and regulatory approvals, which may adversely affect the Company's financial condition, results of operations and profitability. In order to generate revenue from our products, we must be able to produce sufficient quantities of our products to satisfy demand. Many of our products are the result of complex manufacturing processes and subject to regulation by various governmental authorities. Failure to comply with these requirements may lead to delays in the submission or approval of potential new products or financial penalties. We must register our facilities, whether located in US or elsewhere, with the US Food and Drug Administration (FDA) as well as regulators outside the US, and our products must be made in a manner consistent with cGMP or similar standards in each territory in which we manufacture. We may have to write-off the costs of manufacturing any batch that fails to pass quality inspection or meet regulatory approval. The manufacturing process for pharmaceutical products is also highly regulated and regulators may shut down manufacturing facilities that they believe do not comply with regulations. To mitigate these risks, we have adopted necessary quality systems and implemented control measures to ensure that the quality is maintained by process design. Continuous monitoring is being done by QC/ QA team to deliver highest quality products.

Dependence on Single Manufacturing facility

In the Pharmaceuticals segment, some of our products are produced by a single manufacturing facility, such as our Allergy Therapy Products within our business of Specialty Pharmaceuticals, which are solely produced by our manufacturing facility in Spokane, US. If any event arises that affects the production of such products by the relevant manufacturing facility, we will be not be able to reallocate production to alternative manufacturing facilities, which may affect our ability to manage our capacity utilisation and product mix and to that extent

our business may be materially and adversely affected.

Similarly, our manufacturing facility in Nanjangud, India is the sole manufacturing facility for APIs. On account of this facility being located in India, it may be subject to risks such as political instability - resulting from a change in government, changes in regulatory, economic, fiscal and taxation policies, natural calamities, terrorist attacks etc. which may affect the operations or profitability of our APIs manufacturing facility and our other manufacturing facility located in India.

Research and Development (R&D) Effectiveness

We have an effective strategy to mitigate these risks with earmarked budgets and investments in R&D commensurate with the business plans. R&D set up at various plant locations continuously works on cost reduction of existing products and development of new products using the same assets.

In the Pharmaceuticals segment, the R&D team primarily focuses on APIs & Generics research including APIs, Solid Dosage Formulations and Radiopharmaceuticals. R&D supports the activities of various businesses through new product and process development, process intensification, absorption of technologies and establishing technologies at a commercial scale. Regarding APIs, our focus continues to be on developing commercially competitive, intellectual property compliant, robust and eco-friendly technologies. Our Radiopharmaceuticals business has a small focused R&D team with radiochemical expertise, based in Montreal, Canada. This team supports existing products and leads the development of new products using its own resources, and also collaborating with our R&D team in India. In Radiopharmaceuticals, we are continuously engaged in the development of new products that have yielded a pipeline of products that can be introduced in the future.

“We are committed to process improvement by means of automation, regular training to workers, establishing clear Standard Operating Procedures and process guidelines.”

Since our Fine Ingredients business faces significant competition from Chinese and other competitors, the R&D team has taken a pro-active approach to introduce new products in Pyridine chemistry and also in non-Pyridine chemistry, which will be done by deploying our various technological capabilities. New products continue to get developed by experienced and talented R&D teams which work to deliver in line with the marketing strategy by developing new cost effective processes/ products. Further, in order to ensure that cost competitiveness is maintained, R&D is working on the improvement of existing processes, their carbon efficiency and atom economy. Initiatives are also being taken to develop alternative green processes involving fewer manufacturing steps with reduced consumption of utilities and increased manufacturing efficiency.

The focus is on development of processes within the deadlines at optimum cost. We have institutionalised robust processes and proven R&D methodologies to ensure successful commercialisation of the products for which research has been conducted to avoid any unpleasant surprises during the scale-up. The R&D function keeps itself updated with the regulations, upcoming technological changes and trends and proactively aligns with pharmacopeia methods and industry best practices.

In the Drug Discovery Solutions segment, we have a mixed business model that delivers small molecule drug discovery services to our clients and also have a portfolio of proprietary discovery programs that is used to initiate drug discovery collaborations with our clients through out-licensing or partnerships. Drug discovery is inherently a risky venture with a high failure rate. To mitigate this, we maintain a pipeline of client programs that can help offset attrition of client programs. For our own portfolio of internal proprietary drug discovery programs to help offset attrition risk, we have 1) built a pipeline of early and late stage discovery programs and 2) are developing select relationships with academic groups as a source for new targets which allows us to replace programs where the science does not deliver an asset that is fit for out-licensing. We create small molecule assets through intellectual property (IP) filing in a time bound manner. This enables us to out-licence the asset to clients to jump start their efforts through the integrated outsourcing model and earn an upfront payment. IP rights which create any assets leading to Investigational New Drug Application (IND) filing will enable us to maximise returns. Hence, creating and protecting our IP portfolio for these assets is a risk mitigation strategy for the Drug Discovery Solutions segment.

Innovation, speed-to-market and a robust product pipeline are critical factors in ensuring success for an integrated global pharmaceutical and life sciences



company. Failure of R&D to provide innovative and cost effective products would result in non-achievement of top line or bottom-line goals. 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 our ability to launch products competitively and, hence, diminish our market share. Risk of failing to develop products which are compliant with accepted standards documentation will significantly dent the 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 us can pose a risk to the Company's competitive position.

Supply Interruptions due to Single Source Supplier

In Pharmaceuticals segment, we must ensure a regular and secure supply of the raw materials required to produce our products. For some of our key raw materials, we have only a single or a few external sources of supply, and alternative sources of supply may not be readily available. If we are unable to maintain our relationships with our suppliers or find alternative suppliers on commercially acceptable terms, our financial condition, results of operations and profitability could be materially and adversely affected in the event of any supply shortage or disruption. In addition, if we are unable to obtain such raw materials, or if we are unable to obtain them at a competitive cost, the Company's competitiveness would be affected and it may lose market share.

We have an effective strategy to mitigate these risks by developing alternative suppliers on a continuous basis.

Limited Product Pipeline

In the Pharmaceuticals segment, if we are unable to maintain a sufficiently large portfolio of pharmaceutical products and services and manage their development and approval processes so as to bring them to market on a timely basis, our growth strategy may not be successful and our business would be adversely affected. Our future success will depend to a significant degree on our ability to continue to develop and commercialise new pharmaceutical products in a timely and cost-effective manner. The development and commercialisation of new products is complex, time-consuming and costly. Due to the long lead times associated with obtaining regulatory approvals for many of these products, as well as the competitive advantage that can come from gaining early approval, it is important that we maintain a sufficiently large portfolio of products and a product pipeline and manage their development and approval processes so as to bring products to market on a timely basis.

As mitigating steps, our R&D team strives to create new, innovative processes and new knowledge-driven products that allow us to capitalise on opportunities for growth in competitive markets. We have R&D centres located in India and North America and employ a large team of research scientists with expertise in the development of non-infringing products for APIs, solid dosage formulations, radiopharmaceuticals and other products.

Failure to Supply to Customer

In the Pharmaceuticals segment, if we are unable to supply our products to customers as per the agreed timelines or specifications or other conditions, we may face penalties from our customers as per the terms of the agreement and the Company's financial condition, results of operations and profitability could be materially and adversely affected. It may also adversely affect our reputation and our competitiveness and we may lose market share. Such failures can have a far-reaching impact on the business and brand value. We ensure that such risks are monitored and mitigated on a continuous basis.

Human Resources – Acquire and Retain Talent

We have committed substantial resources to acquire, retain and develop talent, given the competition for qualified and experienced human resources. Job enrichment is provided to employees at all levels. To execute its growth and diversification plans, while on one hand the Company continues to hire new, highly skilled scientific and technical personnel staff, on the other hand employees get rewarded under reward and recognition program based on performance.

We realise that an insufficient focus on human resources

processes (e.g. recruiting, talent management, labour management, development and training) threatens our ability to recruit and retain the qualified personnel required to maintain desired operational standards. Further, given our dependence on R&D activity, it is imperative that we recruit and retain high quality R&D specialists. Lack of credible successors or effective knowledge transition mechanism may adversely affect the Company's position in case of unexpected departures from key positions.

As a part of our strategic talent and succession management process, the leadership invests valuable time in identifying high potential and succession candidates for critical positions and planning their development for the next higher role. The leadership development program and the 360-degree feedback are conducted by us for these employees based on the leadership competency framework, helping the human resources department to perform gap analysis followed by capability development activities.

The gap analysis is used to create individual development program to develop the next line of managers. In certain businesses, sales trainees recruited from campuses, are being groomed for future sales positions. We also recruit management trainees and graduate engineer trainees to build a strong talent pipeline.

Talent development is imperative for the success of businesses and therefore, training need identification is done during annual performance appraisal. This is included in the Company's training calendar and courses are designed to help employees perform their roles at their highest potential. Senior management employees at critical positions are also sent for customised general management programs at premier institutes to prepare them for larger roles and also build cross-functional capability in the organisation. We have launched a Learning Management System (LMS), which comprises an extensive collection of training and learning resources

“As a part of our strategic talent and succession management process, the leadership invests valuable time in identifying high potential and succession candidates for critical positions and planning their development for the next higher role.”

and can be accessed by all employees through the online portal of LMS.

We also understand the need to create a culture of high employee engagement as a method to retain talent in the organisation. Regular communication forums are organised in the form of town hall, skip meeting and new joiner assimilation program to understand employee concerns and a structured mitigation process is developed for effective redressal.

Today's fast paced business changes make it imperative to focus on forward looking and futuristic systems and applications. As a step in this direction, we have integrated a PeopleSoft based Human Resource Information Systems (HRIS) across all our locations and entities across the globe. The HRIS system is designed to cover all key human resource processes – performance management, recruitment, training and development, profile and position management, career and succession planning, and compensation and benefits. We continue to make improvements in this system.

We ensure that there is full adherence to the code of conduct and fair business practices are followed.

Compliance and Regulatory

Regulatory affairs play a vital role in the development of all businesses. Due to constantly increasing regulatory obligations, new requirements as well as globalisation of market, the demands and responsibilities of business in terms of regulatory readiness are becoming stringent. We have to comply with the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulations in 28 member countries of the European Union and REACH like regulations in all major countries for Company's business, like China, Korea, Japan, Malaysia, Taiwan, Turkey etc. These regulations require registration and extensive data submission without which we cannot enter the market. We have established systems and controls to monitor and upgrade the registrations as per business needs. There are also other major challenges in terms of meeting the requirements of other compliances like United Nations Globally Harmonised System (GHS), Classification, Labelling and Packaging (CLP) and other country specific GHS requirements.

Besides, there are other specific regulatory requirements that pertain to end use applications like biocides, pesticides, food and feed applications etc. which have various parameters depending upon the geography. These are being complied with for all businesses proactively.

Over the last few years, various regulators and law enforcement agencies are adopting a zero tolerance approach towards non-compliance. We need to comply with a broad range of regulatory controls on testing, manufacturing and marketing of our products in the

pharmaceuticals and life sciences space. Besides, there are laws of many countries that we need to comply with. 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 for new products can mean that we do not recoup our R&D investment through the sale of final products. Any 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 may adversely affect the Company's financial condition, results of operations and profitability. 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, timely submission of dossiers and ensuring timely product availability. We are proactively following-up with regulatory authorities regarding pending approvals and queries raised by authorities are addressed promptly. Further, estimation of risks on account of failure/ delay in obtaining approvals is duly considered while designing business plans. We have also put in place a compliance management system to ensure compliance with all applicable laws and regulations. We have a dedicated team of experts whose knowledge ensures that the global regulatory compliances are met and we can build competitive advantage. We also undertake training and orientation programs to keep the relevant process owners updated on new regulations and changes in the existing laws.

We are subject to Good Manufacturing Practices (GMP) requirements of various regulatory bodies including the US FDA, European authorities, International Conference on Harmonisation (ICH), World Health Organisation (WHO) and various other international and national guidelines. GMP requirements encompass extensive regulations governing all activities of pharmaceutical business from material sourcing, manufacturing process and controls, quality assurance and controls, manufacturing facilities, manpower and training, packaging, labelling, storage, distribution and post marketing monitoring. We have a well-developed GMP culture focusing on data integrity, well defined quality system procedures to meet the various guidelines on GMP, procedures to ensure permanent resolution of issues through implementation of corrective and preventive actions based on root cause analysis, training for all employees on cGMPs. We have systems to monitor the changes in regulatory environment and GMP requirements and upgrade the internal procedures and processes continuously. Regular training is imparted to employees on cGMPs, regulatory

guidelines and expectations. Quality Risk Management (QRM) procedures are adopted to evaluate and identify the quality risks associated with products and processes proactively and take actions to mitigate the risks. All our manufacturing facilities comply with GMP requirements and significant upgradations are taken up in the facilities, if required, to ensure compliance with cGMP requirements.

In the Pharmaceuticals segment, the Company always strives to conform to regulatory and compliance standards to meet stringent requirement of customers to ensure the medicines provide health care and wellness for the consumers. Our facilities are audited by multiple regulatory authorities on a periodic basis. Observations and recommendations based on such audits serve as a means of communication regarding potential areas of corrective actions. Non-compliance with such observations could lead to further regulatory actions, to the detriment of our business. We have necessary systems to prevent such violations or deviations.

Environment, Health and Safety (EHS)

We require certain statutory and regulatory permits and approvals to operate our business, including environmental clearances. Any failure to procure, renew or maintain the required permits or approvals may result in the interruption of our operations and may have a material adverse effect on the Company's financial condition, results of operations and profitability.

We are aware of the rapid changes in the business environment such as increased global competition; more rigorous customer and societal demands; and extensive investor pressure. To face these challenges and ensure sustainability, excellence in cost, quality, services, and environment, health and safety is of paramount importance. We are committed to protecting the environment and ensuring the health and safety of our employees, customers, and the public. We take pride in managing our operations with a high concern for Environment, Health and Safety (EHS).

Over the years, EHS excellence has been extensively promoted as a part our culture. It is also clearly reflected in our policies on sustainability, EHS, responsible care, climate change and green supply chain. The Company does the right things right so that its employees, the community at large, and the environment, including natural resources, are protected. Leaving minimal environmental footprint is integral to our EHS philosophy. On the road to achieving EHS excellence, we have adopted a top down approach and have been enhancing the impact of EHS initiatives by making it a line function responsibility through active employee consultation and participation.

Caring for the environment is a core corporate

promise and as a part of this commitment, high capital expenditure is being incurred on process improvements as well as up-gradation of environmental management facilities using the latest technologies that have helped to reduce environmental footprint. While end-of-the-pipe solutions are implemented, we are also making progress on initiatives for reduction of waste at source. Efforts to process more by-products and waste to make them reusable are paying off in terms of ecological and economic impact.

The Government of India has rightly been focusing on the environmental issues and making the environmental laws appropriately stringent for industry to follow. With the initiatives of cleaning the river Ganges, these laws and guidelines are expected to get even more stringent and industries in India will have to be more disciplined in adhering to the same. We are extremely sensitive to these externalities and strive to pro-actively adhere to all latest guidelines laid out by Government of India from time to time for all our locations.

Investments were made for the up-gradation of process safety and enhanced process controls at our sites. Safety culture in terms of safe behaviour is being aggressively promoted and propagated at workplace through 'Sanchetna' – a platform for encouraging identification and 360-degree correction of unsafe acts and conditions. Safety knowledge of the technical personnel is constantly updated through various external and in-house training programs, including special training programs by external experts and consultants.

All our manufacturing sites are equipped with an Occupational Health Centre (OHC) run by an occupational health physician. We run a comprehensive health assessment program in our manufacturing sites, wherein the occupational health of the employees is assessed on a periodic basis. The OHC provides curative, advisory and health promotion services to the employees.

We proactively engage with government, industry

“In the Pharmaceuticals segment, the Company always strives to conform to regulatory and compliance standards to meet stringent requirement of customers to ensure the medicines provide health care and wellness for the consumers.”

forums and academia to support creation of responsible and practicable EHS regulations.

We have a full-fledged EHS team which is continuously addressing the issues of environmental safeguards by conducting periodical safety audits and training programs.

Protecting Intellectual Property Rights (IPR)

Our efforts have helped us avoid any intellectual property issues by developing designed around research strategies, better understanding of emerging challenges, identifying newer opportunities and creating intellectual property which is well protected in defined geographies of our business interests. Our efforts have fructified and our intellectual properties have grown over the years.

We protect our products with patents in major markets. Depending on the jurisdiction, patent protection may be available for individual active ingredients; specific compounds, formulations and combinations containing active ingredients; manufacturing processes; intermediates useful in the manufacture of products; and new uses for existing products. The protection that a patent provides varies from country to country, depending on the type of claim granted, the scope of the claim's coverage and the legal remedies available for enforcement. The Company has filed intellectual property applications in various countries for innovations. The Company has trademarks primarily in India, US, Canada, Europe, Nigeria, South Africa, Mexico, Columbia, China and Australia.

Besides patents, we rely on trade secrets, knowhow and other proprietary information and, hence, our employees, vendors and suppliers sign confidentiality agreements.

We have a dedicated team of scientists whose primary task is to ensure that the products are manufactured using only non-infringing processes and compliance requirements are met by reviewing and monitoring intellectual property rights issues continuously.

We take all reasonable steps to ensure that our products do not infringe valid third-party IPRs. Any material litigation or other communications alleging such infringements could delay the sale of or prevent us from selling our products. In the normal course of business, we are sometimes subject to lawsuits. The ultimate outcome of any such litigation may adversely affect the Company's financial condition, results of operations and profitability. The uncertainties inherent in patent litigation make it difficult for us to predict the outcome of any such litigation. If we are unsuccessful in defending ourselves against these suits, we could be prevented from selling our products, resulting in a decrease in revenue, or to damages, which may be substantial. Either event may materially and adversely affect the Company's financial condition, results of operations and profitability.



Information Technology (IT)

Today, Information Technology has become the backbone of any business. Robust IT strategy that includes adequate IT infrastructure, integrity, data confidentiality and data availability at all times is key to achieving our business objectives. Occurrence of any unforeseen threats to information technology systems could have adverse impact on data availability and continuity of business operations.

We have an information security framework based on the ISO/IEC 27001 standards which ensures that all the information assets are adequately safeguarded. There is an Information Security Steering Committee at the apex level which gives directions and resources to manage information security of the Company. All the IT security events impacting critical IT infrastructure are getting logged and monitored round the clock by our Security Operations Centre (SOC).

Most of the Information Technology assets are hosted in the data centres which are subject to appropriate physical and logical access controls. Various components of information technology like network, operating system, firewall, software license compliance, applications controls etc. are covered under the annual audit plans and appropriate corrective and preventive actions are taken based on audit findings. Requisite redundancies have been built within the IT infrastructure to ensure availability of information at all times.

Since employee awareness is an integral part of managing information security risk, we provide structured training to the employees through internal and external training programs. We also publish a monthly information security newsletter to create end user awareness about information security risks and mitigation strategies.

Risk of Changes in Tax Legislation

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

We have a dedicated team of tax professionals whose primary task is to ensure that the tax liabilities are correctly computed and any revision in the tax legislation is monitored continuously.

Mergers & Acquisitions

In the Pharmaceuticals segment, we may expand our business through selective, targeted mergers or acquisitions of businesses and assets we believe to be complementary to our existing business. In the financial year 2017-2018, we spent US \$18 million (approx.) to acquire assets of Triad Isotopes, Inc. Mergers and acquisitions may involve a number of risks, including that our management's attention may be diverted due to integration efforts; we may have cultural differences; we may fail to retain key personnel and clients of the acquired business; future developments may impair the value of our purchased goodwill or intangible assets; we may face difficulties or delays establishing, integrating or combining operations and systems; we may assume liabilities related to legal proceedings involving the acquired business; or we may encounter unforeseen internal control, regulatory or compliance issues some or all of which could harm our results of operations and financial condition. We may overpay for a business or if we are not able to successfully integrate other businesses we may acquire or merge with in the future, with the rest of our business, we may be unable to realise the anticipated benefits of such mergers or acquisitions, or our existing business may be harmed. We have adopted measures to address these issues by increasing the efficiency and reducing the impact, if any. Further, estimation of risks on account of failure/ delay in integration is duly considered while designing business plans. We have a dedicated team of experts whose

knowledge ensures that the requirements are met and we can build competitive advantage.

Political or Economic Instability or Acts of Terrorism

The Company is an integrated global pharmaceutical and life sciences company with worldwide operations and one of its strategic objectives is to continue to expand its geographic outreach. We derive sales and procure materials from countries that may be adversely affected by political or economic instability, major hostilities or acts of terrorism. Any such events may adversely affect the Company's financial condition, results of operations and profitability. Moreover, as we export and import a substantial number of products and raw materials, we may be denied access to customers or suppliers. We may also be denied the ability to ship products from any of our sites if the borders of some countries are closed due to political or economic instability or acts of terror, in such countries.

Duties by Export Destination Countries

A substantial part of the Company's revenue is derived from exports and our products are sold in various countries across the world. Export destination countries impose varying duties on our products, which may adversely affect our ability to compete with the local manufacturers and other competitors. There can be no assurance that the duties or other levies imposed on our products by such destination countries will not change or increase, or that a change or increase will not adversely affect the Company's financial condition, results of operations and profitability.

Acceptance of Our Products in Market

In the Pharmaceuticals segment, our ability to market our products successfully depends, in part, upon the acceptance of the products not only by customers, but

“The Company is an integrated global pharmaceutical and life sciences company with worldwide operations and one of its strategic objectives is to continue to expand its geographic outreach.”

also by independent third parties including wholesalers, distributors, physicians, hospitals, pharmacies, government representatives and other retailers, as well as patients. Unanticipated side effects or unfavourable publicity concerning any of our products or brands, could have an adverse effect on our ability to achieve acceptance by prescribing physicians, managed care providers, pharmacies and other retailers, customers and patients.

If our products are approved by the regulatory authorities but do not achieve an adequate level of acceptance by independent third parties, we may be unable to generate any or sufficient revenue from these products to make them profitable.

Policies Regarding Returns, Allowances and Chargebacks in the United States

In the Pharmaceuticals segment, consistent with the industry practice in US, our US subsidiary, Jubilant Cadista Pharmaceuticals Inc., like many other generic product manufacturers, has liberal return policies and has been willing to give customers post-sale inventory allowances in our generics and solid dosage formulations businesses. Under these arrangements, from time to time, this subsidiary may give customers credits on generic products that customers hold in inventory after it has decreased the market prices of the same generic products. Therefore, if new competitors enter the marketplace and significantly lower the prices of any of their competing products, we may reduce the price of our product. As a result, this subsidiary may be obligated to provide significant credits to customers who are then holding inventories of such products, which could reduce sales revenue and gross margin for the period the credit is provided.

Like our competitors, this subsidiary also gives credits for chargebacks to wholesale customers that have contracts with us for their sales to hospitals, group purchasing organisations, pharmacies or other retail customers. A chargeback represents an amount payable in the future to a wholesaler for the difference between the invoice price paid to us by our wholesale customer for a particular product and the negotiated contract price that the wholesaler's customer pays for that product. As a mitigation strategy, the Company establishes reserves based on prior experience and best estimates of the impact that these policies may have in subsequent periods.

Labour Union

If the Company experiences labour union issues, our production capacity and overall profitability could

be adversely affected. Although we generally enjoy cordial relations with our employees, the Company may experience a strike over wages and other matters. This may be resolved amicably through a voluntary negotiation and mediation process. However, if any such negotiation in future regarding wages with our employees or any of the labour unions is not concluded quickly, our relations with employees could suffer, which may adversely affect our financial condition, results of operations and profitability.

Consolidation of Customer Base

In the Pharmaceuticals segment, sales of our products may be adversely affected by the continuing consolidation of its customer base. A significant part of our generics sales is made to the relatively few retail drug chains and pharmaceutical wholesalers in the US and in other geographical markets. These customers are continuing to undergo significant consolidation. Such consolidation has provided and may continue to provide them with additional purchasing leverage, and consequently may increase the pricing pressure that we face. We expect that consolidation of drug wholesalers and retailers will increase pricing and other competitive pressures on generic drug manufacturers, including those in the US.

We are able to manage pricing pressure by taking initiatives to continuously redefine production processes to control cost. For some of our generic formulations, we have captive manufacturing of APIs to ensure effective cost control to focus on improving profit margins.

Business Interruption

Absence of a response plan or delays in response may adversely affect the business in the event of anticipated or unanticipated disruption due to internal and external factors. We have dedicated teams (including for EHS, supply chain and IT) which are responsible to monitor and manage an event of disruption on account of a disaster, supply issues and network/ IT breakdown. Emergency response plan exists for each location with individually assigned roles and responsibility for responding to an emergency. Extensive training programs focusing on EHS are conducted annually. For the radiopharmaceuticals business, we have a dedicated Radiation and Safety officer at the manufacturing sites with the responsibility of monitoring radiation levels and emission to environment as per the prescribed levels. Our maintenance and EHS teams ensure periodic maintenance and safeguarding of assets and environment. Our IT team ensures internet and plant level connectivity, data back-up, restoration plan and security of data centre.

Directors' Report

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Your Directors are pleased to present the Fortieth Annual Report together with the Audited Standalone and Consolidated Financial Statements for the year ended March 31, 2018.

OVERVIEW

Jubilant Life Sciences Limited ('the Company' or 'Jubilant') is an integrated global Pharmaceutical and Life Sciences company engaged in Pharmaceuticals, Life Science Ingredients and Drug Discovery Solutions. The Pharmaceuticals segment, through its wholly owned subsidiary Jubilant Pharma Limited, is engaged in manufacture and supply of Active Pharmaceutical Ingredients ('APIs'), Solid Dosage Formulations, Radiopharmaceuticals, Allergy Therapy Products and Contract Manufacturing of Sterile and Non-sterile products through 6 US Food and Drug

Administration ('USFDA') approved manufacturing facilities in India, USA and Canada and a network of over 50 Radiopharmacies in the USA. The Life Science Ingredients segment is engaged in Specialty Intermediates, Nutritional Products and Life Science Chemicals through 5 manufacturing facilities in India. The Drug Discovery Solutions segment provides proprietary in-house innovation and collaborative research and partnership for out-licensing through 3 world class research centres in India and USA. Jubilant Life Sciences Limited has a team of around 7,600 multicultural people across the globe and is committed to deliver value to its customers across over 100 countries. The Company is well recognized as a 'Partner of Choice' by leading pharmaceuticals and life sciences companies globally. For more information, please visit the Company's website www.jubl.com.

RESULTS OF OPERATIONS AND STATE OF COMPANY'S AFFAIRS

FINANCIAL RESULTS

(₹ / Million)

Particulars	Standalone		Consolidated	
	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017
Total Revenue from Operations	33,430	26,230	75,578	60,063
Total Operating Expenditure	28,037	23,050	60,394	46,610
EBITDA	5,393	3,180	15,184	13,453
Other Income	462	519	400	248
EBITDA including Other Income	5,855	3,699	15,584	13,701
Depreciation, Amortisation and Impairment Expense	826	811	4,150	2,914
Finance Costs	1,352	1,743	2,843	3,411
Profit before Tax	3,677	1,145	8,591	7,376
Tax Expenses	1,043	353	2,247	1,630
Reported Net Profit After Tax	2,634	792	6,344	5,746
Attributable to:				
Shareholders of the Company	-	-	6,428	5,756
Non-Controlling Interests	-	-	(84)	(10)
Other Comprehensive Income	(25)	(9)	654	(577)
Total Comprehensive Income for the period	2,609	783	6,998	5,169
Retained Earnings brought forward from previous year	7,836	7,967	20,939	16,150
Adjustment on account of consolidation of Jubilant Employees Welfare Trust	-	-	11	12
Retained Earnings available for appropriation which the Directors have appropriated as follows:	10,442	8,747	27,349	21,890
- Dividend on Equity Shares	478	478	478	478
- Tax on Dividend on Equity Shares	72 ¹	58 ¹	97	97
- Transfer to Debenture Redemption Reserve	375	375	375	375
- Transfer to Legal Reserve	-	-	2	1
Retained Earnings to be carried forward	9,517	7,836	26,397	20,939

¹After reversal of dividend distribution tax of ₹ 24.57 Million (March 31, 2017: ₹ 39.27 Million), on account of dividend received during the year from a subsidiary company.

(i) Standalone Financials**Revenue from Operations**

In the Financial Year 2017-18, on standalone basis, the Company recorded total Revenue from operations of ₹ 33,430 Million.

International Revenues

International business contributed 39% to the Net Revenue from operations at ₹ 13,185 Million.

EBITDA

For the year ended March 31, 2018, Earnings before Interest, Taxes, Depreciation and Amortisation ('EBITDA') stood at ₹ 5,855 Million with EBITDA margins at 18%.

Reported Net Profit after Tax and EPS

Reported Net Profit after Tax was ₹ 2,634 Million in the Financial Year 2017-18. Basic Earnings Per Share ('EPS') stood at ₹ 16.54.

(ii) Consolidated Financials

The Consolidated Financial Statements, prepared in accordance with the provisions of the Companies Act, 2013 (the 'Act'), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations') and Ind-AS 110 'Consolidated Financial Statements' prescribed under Section 133 of the Act, form part of the Annual Report.

Performance Review

Our strong performance continued in the Financial Year 2017-18 and the Company reported highest ever revenue and profits during the year. This has been led by strong performance in Specialty Injectables and Life Science Ingredients businesses. We have a well defined strategy of being closer to our customers, with an integrated value-chain, to have a de-risked business model with a diversified portfolio and strong manufacturing capabilities from fully compliant sites. We are focussed on driving business growth in Specialty Injectables and better utilization of our assets in all our businesses.

Revenue from operations was the highest ever at ₹ 75,578 Million, up 26% YoY, with International revenue at ₹ 54,169 Million, contributing 72% of the total revenue. Pharmaceuticals revenues were at ₹ 40,166 Million, up 29% YoY and contributing 53% to the revenues. Within this segment, Specialty Injectables displayed a growth of 59% YoY. This consistent growth is a testimony to our strategy and differentiated business model wherein we have been able to build multiple levers of businesses with significant barriers to entry which have helped the business deliver robust performance, despite continued headwinds in the US Generics business from supply chain consolidation. Life Science Ingredients revenue stood at ₹ 33,649 Million, up 24% YoY and contributing 45% to the revenues. Drug Discovery Solutions revenue stood at ₹ 1,763 Million contributing 2% of the revenue.

EBITDA was 14% higher YoY at record ₹ 15,584 Million, with margins at 20.6% as against 22.8% in the Financial Year 2016-17. Pharmaceuticals segment reported EBITDA of ₹ 9,765 Million, a margin of 24.3% as against the margin of 31.3% achieved last year. The margins were lower due to the acquisition of the radiopharmaceutical distribution of Triad in the US during the year, which made a marginal loss during the year. The Pharmaceuticals segment now contributes about 63% to the overall EBITDA.

Life Science Ingredients reported EBITDA of ₹ 6,322 Million translating to EBITDA margin of 18.8%, an improvement from 16% in the Financial Year 2016-17. Drug Discovery Solutions EBITDA was at ₹ 185 Million translating to EBITDA margin of 10.5%. Depreciation, amortization and impairment in the Financial Year 2017-18 was at ₹ 4,150 Million as compared to ₹ 2,914 Million in the Financial Year 2016-17. Finance cost stood at ₹ 2,843 Million, lower by 17% YoY.

Net profit attributable to shareholders improved by 12% YoY at ₹ 6,428 Million as compared to ₹ 5,756 Million in the Financial Year 2016-17 with a Basic EPS of ₹ 41.25 as compared to ₹ 36.93 in the Financial Year 2016-17.

From Balance Sheet perspective, in the Financial Year 2017-18, the Company repaid ₹ 6,278 Million of Debt and the Net Debt stood at ₹ 32,201 Million.

DIVIDEND

The Board is pleased to recommend a dividend of 300% i.e. ₹ 3 per fully paid up equity share of Re. 1 for the year ended March 31, 2018. Total dividend payout of ₹ 576 Million includes tax on dividend of ₹ 97 Million. The payment of dividend is subject to approval of the shareholders at the forthcoming Annual General Meeting ('AGM') of the Company.

CAPITAL STRUCTURE**(a) Share Capital**

During the year, there has been no change in the authorised, subscribed and paid-up share capital of the Company. As on March 31, 2018, the paid-up share capital stood at ₹ 159,281,139 comprising of 159,281,139 equity shares of Re. 1 each.

(b) Employees Stock Option Plans (ESOPs)

The Company has two employees stock option plans namely Jubilant Employees Stock Option Plan 2005 ('Plan 2005') and JLL Employees Stock Option Plan 2011 ('Plan 2011'). During the year, there was no material change in Plan 2005 and Plan 2011 and both the plans are in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014 (the 'SEBI ESOP Regulations').

Plan 2005: During the year, 2,066 Options were exercised by the option holders. As on March 31, 2018, no Options were outstanding under the Plan 2005. Each Option entitles the holder to acquire five equity shares of ₹ 1 each of the Company at the exercise price fixed at the time of grant, being the market value as

per the erstwhile SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (the 'SEBI Guidelines').

Plan 2011: During the year, 31,804 Options were exercised by the option holders. As on March 31, 2018, 32,216 Options were outstanding under the Plan 2011. Each Option entitles the holder to acquire one equity share of ₹1 each of the Company at the exercise price fixed at the time of grant, being the market value as per the SEBI Guidelines.

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

The details pursuant to the SEBI ESOP Regulations have been placed on the website of the Company and weblink of the same is http://jubl.com/Uploads/image/893imguf_esop_disclosure2018.pdf.

(c) Debentures

In the financial year 2016-17, the Company had issued Secured Redeemable Non-Convertible Debentures ('NCDs') of ₹ 4,950 Million on a private placement basis. NCDs are listed on the Whole-sale Debt Market Segment of National Stock Exchange of India Limited ('NSE').

SUBSIDIARIES

As on March 31, 2018, the Company had 44 subsidiaries. Brief particulars of the principal subsidiaries are given below:

Jubilant Pharma Limited

Jubilant Pharma Limited, Singapore ('Jubilant Pharma') is a wholly-owned subsidiary of your Company. Jubilant Pharma holds the global pharmaceutical business of the Company through its subsidiaries in USA, Canada, Europe, India and rest of the world. These subsidiaries of Jubilant Pharma are engaged in manufacturing, marketing and distribution of various pharmaceutical products and services including APIs, oral dosage forms (tablets and capsules), contract manufacturing of sterile injectables, ointment, creams and liquids, allergy therapy products and radiopharmaceutical products. Jubilant Pharma also operates radiopharmacy network in the US through its wholly-owned subsidiary with more than 50 pharmacies in different states of USA. Revenue of the company during the Financial Year 2017-18 was ₹192.19 Million as compared to ₹833.18 Million during the Financial Year 2016-17.

In the Financial Year 2016-17, Jubilant Pharma had issued 4.875% Rated Unsecured High Yield Bonds ('Notes') of US\$ 300 Million under Regulation S of the US Securities Act of 1933. The Notes are listed on the Singapore Exchange Securities Trading Limited.

Jubilant Generics Limited

Jubilant Generics Limited ('JGL') is a wholly-owned subsidiary of the Company through Jubilant Pharma. JGL owns two manufacturing facilities; one at Nanjangud, Karnataka and another at Roorkee, Uttarakhand which are engaged in APIs and Dosage Forms business, respectively.

The manufacturing location at Nanjangud, Karnataka, spread over 69 acres, is engaged in manufacturing of APIs and caters to the sales worldwide primarily to regulated markets. The manufacturing facility is approved by global regulatory agencies, which include USFDA, Canadian Health Authority, Japanese PMDA among others. API portfolio is focused on Lifestyle driven Therapeutic Areas (CVS, CNS) and also targets complex and newly approved molecules. The company is market leader in four APIs and is amongst the top 3 players for another three APIs in its portfolio helping it to maintain a high contribution margin.

The manufacturing location at Roorkee, Uttarakhand, with 5 acres of infrastructure, is USFDA, Japan PMDA, UK MHRA, TGA, WHO and Brazil ANVISA audited and approved. This facility primarily manufactures oral solids (Tablets and Capsules) with capabilities on complex processes like pallet coating, MUPS (Multi Unit Particulate System) and extended release technology based on Matrix formulations and functional coating. JGL's non-US finished formulation business is focussed on B2B business model in EU, Japan, Canada, Australia and it has also initiated B2C model in select countries of emerging markets. JGL's major therapy area includes Cardiovascular, CNS and Gastrointestinal products with special focus on backward integration and in-house API leading to greater competitiveness in the market place. JGL has capabilities to develop multiple dosage forms including Oral solid, injectable and ophthalmic dosage forms at its research and development centre at Noida, Uttar Pradesh. Revenue of the company during the Financial Year 2017-18 was ₹ 9,944.09 Million as compared to ₹ 10,726.90 Million during the Financial Year 2016-17.

Jubilant Pharma Trading Inc.

This corporation incorporated in Delaware, USA is a wholly-owned subsidiary of Jubilant Pharma. It undertakes sales and distribution of APIs in North America. Revenue of the company during the Financial Year 2017-18 was ₹ 1,056.03 Million as compared to ₹ 1,232.63 Million during the Financial Year 2016-17.

Cadista Holdings Inc. and Jubilant Cadista Pharmaceuticals Inc.

- (i) Cadista Holdings Inc. ('Cadista'), a corporation incorporated in Delaware, USA is a wholly-owned subsidiary of Jubilant Pharma Holdings Inc.
- (ii) Jubilant Cadista Pharmaceuticals Inc., a corporation incorporated in Delaware, USA is a wholly-owned subsidiary of Cadista. This company is in the business of manufacturing solid dosage forms of generic prescription pharmaceuticals at its USFDA approved manufacturing facility in Salisbury, Maryland, USA. Its customer base includes large wholesalers, retail and grocery chains. Besides manufacturing its own label products, it also provides product development and contract manufacturing services. As on March 31, 2018, there were 35 products marketed in the US with focus in the therapeutic areas of CVS, CNS, Anti Allergic, Steroids, etc. Revenue of the company during the Financial Year 2017-18 was ₹ 5,610.94 Million as compared to ₹ 5,374.65 Million during the Financial Year 2016-17.

Jubilant HollisterStier LLC

This subsidiary is based in Spokane, State of Washington, USA. It is a wholly-owned subsidiary of HSL Holdings Inc. This subsidiary has 2 businesses; Contract Manufacturing (CMO) and Allergenic Extracts.

In the contract manufacturing business of sterile injectables, this company provides a complete range of services to support drug manufacturing in the pharmaceutical and biopharmaceutical industries. Its contract manufacturing capabilities include aseptic liquid fill/ finishing and lyophilisation of small lot parenteral for commercial and clinical requirements. 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 is approved across global regulated markets including USFDA (both CDER and CBER), Europe, Japan, Brazil and Canada. Its contract manufacturing business serves customers including innovators ranging from small biotechnology to large pharmaceutical companies.

Additionally, it is an innovator, manufacturer and distributor of allergenic extracts, targeted primarily at treating allergies. With nearly 100 years of leadership in research, extract production and immunotherapy products, the organization is respected worldwide in the field of allergy. Currently, the business is comprised of allergenic extracts and mixes, along with specialized skin test diagnostic devices. The business lays special emphasis on innovation towards introducing new products to treat and cure allergies. Revenue of the company during the Financial Year 2017-18 was ₹ 7,968.58 Million as compared to ₹ 7,133.07 Million during the Financial Year 2016-17.

Jubilant DraxImage Inc.

Jubilant DraxImage Inc. ('JDI') is a wholly-owned subsidiary of the Company through Jubilant Pharma. JDI has a solid foundation in speciality pharma. JDI is headquartered in Montreal, Canada, where it operates a highly specialized manufacturing facility approved by both USFDA and Health Canada. JDI develops, manufactures and commercializes radiopharmaceuticals used in Nuclear Medicine for the diagnosis, treatment and monitoring of various diseases. It serves hospital-based customers (Nuclear Medicine Physicians, Nuclear Cardiologists and Technologists) in addition to specialized commercial radiopharmacies. JDI employs about 170 highly skilled professionals dedicated to providing high quality, reliable products and services to healthcare providers around the globe. The business is backed by a dedicated research and development team, specialized manufacturing, strong regulatory affairs and commercial operations. The areas of specialization include cardiac, pulmonary, skeletal and thyroid diseases.

JDI is a market leader in North America in several specialty niche products including I-131 Therapeutic and Diagnostic capsules for imaging and treatment of thyroid diseases and thyroid cancer, Methylene-Diphosphonate (MDP) for bone imaging, Macro-Aggregated Albumin (MAA) for lung imaging and Diethylene Triamine Penta-acetic Acid (DTPA) for renal, brain and functional pulmonary imaging. Recently,

JDI received approval from USFDA and Health Canada for RubyFill®, a cutting edge technology for PET myocardial perfusion imaging (MPI) under rest and pharmacological stress conditions to evaluate regional myocardial perfusion in adult patients with suspected or existing coronary artery disease. JDI has a strong vision to improve lives through nuclear medicine on a global scale, and continues to invest in the development of novel radiopharmaceutical products in the fields of diagnostics and radiotherapy "Theranostics", which will enable early and accurate diagnosis and treatment of diseases leading to better patient recovery across the globe. Revenue of the company during the Financial Year 2017-18 was ₹ 10,526.37 Million as compared to ₹ 8,112.66 Million during the Financial Year 2016-17.

Jubilant Pharma NV

This is a wholly-owned subsidiary of the Company through JGL and Jubilant Pharma. This company holds shares of Jubilant Pharmaceuticals NV (99.81%) and PSI Supply NV (99.50%) along with Jubilant Pharma which holds the balance shares.

Jubilant Pharmaceuticals NV

This is a wholly-owned subsidiary of the Company through Jubilant Pharma NV, Belgium, which holds 99.81% of its shares and Jubilant Pharma holds the balance shares. This company is engaged in the business of licensing generic dosage forms and providing regulatory services to generic pharmaceutical companies. Revenue of the company during the Financial Year 2017-18 was ₹ 5.83 Million as compared to ₹ 35.12 Million during the Financial Year 2016-17.

PSI Supply NV

This is a wholly-owned subsidiary of the Company. 99.50% of its shares are held by Jubilant Pharma NV and the balance by Jubilant Pharma. It is engaged in the supply of generic dosage forms to the European markets. Revenue of the company during the Financial Year 2017-18 was ₹ 470.40 Million as compared to ₹ 219.50 Million during the Financial Year 2016-17.

Jubilant Life Sciences NV

This is a wholly-owned subsidiary of the Company. 99.99% of its shares are held by the Company and the balance by Jubilant Infrastructure Limited. It is engaged in the supply of bulk chemicals such as ethyl acetate, acetic anhydride, etc. and vitamins (feed and food grade) to the European markets. Revenue of the company during the Financial Year 2017-18 was ₹ 3,723.21 Million as compared to ₹ 3,018.02 Million during the Financial Year 2016-17.

Jubilant Biosys Limited

This company is a subsidiary of the Company through Jubilant Biosys (Singapore) Pte. Ltd. (a wholly-owned subsidiary of the Company). Jubilant Biosys (Singapore) Pte. Ltd. holds 66.98% equity of this company.

This company provides Drug Discovery Services to global pharmaceutical and biotech companies in:

- Standalone Service Model including functional services in the areas of Medicinal Chemistry, In Vitro Biology, In Vivo Biology, Structural Biology, DMPK, Toxicology and

Discovery Informatics, on Full Time Equivalent (FTE) or Fee For Service (FFS) based model;

- Collaborative/Partnership Model with integrated discovery program across a single or a portfolio of molecules;
- In house proprietary model to develop assets that can be out-licensed under terms including research funding, payments for scientific milestones achieved through Discovery, Development and Commercialisation phases and royalties on successful commercialization of drugs.

Revenue of the company during the Financial Year 2017-18 was ₹ 844.70 Million as compared to ₹ 887.26 Million during the Financial Year 2016-17.

Jubilant Chemsys Limited

This company is a wholly-owned subsidiary of the Company through Jubilant Drug Development Pte. Ltd., Singapore. This company offers services in Synthetic Organic Chemistry, Combinatorial Chemistry, Medicinal Chemistry, Process Research and Development, Scale up services and GMP Manufacturing-Clinical Supply to drug discovery companies of US, Europe and rest of the world on Full Time Equivalent, Fee for Service and Hybrid Model.

It also works closely with Jubilant Biosys Limited in collaborative drug discovery research. Revenue of the company during the Financial Year 2017-18 was ₹ 1,014.15 Million as compared to ₹ 988.78 Million during the Financial Year 2016-17.

Jubilant Clinsys Limited

During the year, Jubilant Chemsys Limited has acquired entire share capital of Jubilant Clinsys Limited ('JCL') from Jubilant Drug Development Pte. Ltd. Thus, JCL continues to be a wholly-owned subsidiary of the Company through Jubilant Chemsys Limited. Revenue of the company during the Financial Year 2017-18 was ₹ 9.66 Million as compared to ₹ 35.06 Million during the Financial Year 2016-17.

During the year, JCL has received order of National Company Law Tribunal ('NCLT') confirming extinguishment of its preference share capital of ₹ 270.50 Million held by the Company. Accordingly, JCL cancelled its preference share capital of ₹ 270.50 Million and paid equivalent amount to the Company.

Jubilant Infrastructure Limited

This wholly-owned subsidiary of the Company has developed a Sector Specific Special Economic Zone ('SEZ') for Chemicals in Gujarat with the best in class infrastructure facilities and utility plants like Boiler, Gas Turbine, Effluent Treatment, Incinerator and DM Water.

The Company has two units in this SEZ. The finished products of Unit-1 and Unit-2 are fully backward integrated and are using in-house developed innovative technologies. The Company is in the process of entering into an agreement for taking on lease about 16 acres of land for 25 years for upcoming Unit-4. The Unit-4 will become operational by December, 2018.

The global scale plants of Vitamin B3 and 3-Cyanopyridine at the SEZ make your Company the largest producer of Vitamin B3 in India and the second largest globally. Revenue of the company during the Financial Year 2017-18 was ₹ 786.62 Million as compared to ₹ 715.99 Million during the Financial Year 2016-17.

Jubilant Life Sciences (USA) Inc.

This corporation incorporated in Delaware, USA is a wholly-owned subsidiary of the Company. It undertakes sales and distribution of advance intermediates, vitamins, life science chemicals and fine ingredients in North America. Revenue of the company during the Financial Year 2017-18 was ₹ 1,521.88 Million as compared to ₹ 1,508.07 Million during the Financial Year 2016-17.

Jubilant Life Sciences (Shanghai) Limited

This wholly-owned subsidiary of the Company is held through Jubilant Life Sciences International Pte. Limited. It undertakes sales and distribution of products in China. This company is engaged in trading of advance intermediates (pyridine and its derivatives), specialty ingredients and nutrition products. 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. Revenue of the company during the Financial Year 2017-18 was ₹ 1,310.89 Million as compared to ₹ 1,036.30 Million during the Financial Year 2016-17.

Jubilant DraxImage Radiopharmacies Inc.

Jubilant DraxImage Radiopharmacies Inc. ('JDRI') is a wholly-owned subsidiary of the Company through Jubilant Pharma Holdings Inc. JDRI undertakes speciality pharma business in the United States.

During the year, JDRI signed an Asset Purchase Agreement with Triad Isotopes Inc. ('Triad') and its parent, Isotope Holdings, Inc. and has acquired substantially all of the assets which comprise the radiopharmacy business of Triad. Post-acquisition of Triad's business, JDRI has become the second largest radiopharmacy network in the US with more than 50 pharmacies, distributing nuclear medicine products to the largest National General Purchasing Organisations, regional health systems, stand-alone imaging centres, cardiologists and hospitals. The acquisition has provided Jubilant with direct access to hospital networks with ability to deliver more than 3 million patient doses annually through approximately 1,700 customers. The acquisition has facilitated Jubilant forward integrate in the radiopharmaceutical business. The business operations are being managed independently by a team of experienced professionals. Revenue of the company during the Financial Year 2017-18 was ₹ 7,701.06 Million.

Other subsidiaries are mentioned below:

- Jubilant Pharma Holdings Inc.
- Jubilant Pharma Australia PTY Limited
- Jubilant Life Sciences International Pte. Limited
- Jubilant Life Sciences (BVI) Limited
- Jubilant Innovation Pte. Limited
- Jubilant Innovation (USA) Inc.

Jubilant Innovation (India) Limited
 Jubilant HollisterStier Inc.
 Jubilant First Trust Healthcare Limited
 Jubilant Drug Discovery & Development Services Inc.
 Jubilant Drug Development Pte. Limited
 Jubilant DraxImage Limited
 Jubilant DraxImage (USA) Inc.
 Jubilant Discovery Services LLC
 Jubilant Clinsys Inc.
 Jubilant Biosys (Singapore) Pte. Limited
 Jubilant Biosys (BVI) Limited
 HSL Holdings Inc.
 Drug Discovery and Development Solutions Limited
 Draxis Pharma LLC
 Draximage Limited, Ireland
 Draximage Limited, Cyprus
 Draximage (UK) Limited
 6981364 Canada Inc.
 6963196 Canada Inc. (Merged into 6981364 Canada Inc. effective from April 1, 2018)

Vanths Pharmaceutical Development Private Limited

During the year, Jubilant Innovation (BVI) Limited, DAHI Animal Health (UK) Limited and Jubilant Life Sciences (Switzerland) AG have been liquidated and Draximage LLC and Deprenyl Inc., USA have been merged into Jubilant Draximage (USA) Inc.

PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARIES

The performance and financial position of the subsidiaries are given in Form AOC-1 attached to the Financial Statements for the year ended March 31, 2018.

PARTNERSHIPS

Jubilant HollisterStier General Partnership

It is a Canada based partnership managed by two subsidiaries of the Company - Jubilant HollisterStier Inc. and Draxis Pharma LLC. This partnership provides contract manufacturing services. It manufactures products in two categories: sterile products and non-sterile products. Sterile products include liquid and freeze-dried (lyophilized) injectables, ophthalmic tubes/ solutions and sterile ointments and creams. Non-sterile products include non-sterile ointments, creams and liquids. The products manufactured by this partnership are supplied to over 50 countries. The manufacturing location at Montreal, Quebec, Canada is approved by Health Canada, USFDA and other regulatory authorities.

Draximage General Partnership

It is a partnership based in Canada managed by two Canadian subsidiaries of the Company i.e. Jubilant Draximage Inc. (90%) and 6981364 Canada Inc. (10%).

STATUTORY AUDITORS

M/s B S R & Co. LLP, Chartered Accountants ('BSR') were appointed as the Statutory Auditors of the Company at the 36th AGM of the Company to hold office until conclusion of the AGM to be held in the year 2018. Accordingly, the tenure of BSR as Statutory Auditors is expiring at the ensuing AGM.

In terms of provisions of Section 139 of the Act and the Rules made thereunder, your Directors have proposed re-appointment of BSR as Statutory Auditors of the Company for another term of 5 consecutive years from conclusion of the ensuing AGM of the Company till conclusion of the 45th AGM of the Company to be held in the year 2023, for approval of Shareholders of the Company. BSR has given consent to act as Auditors of the Company and has further confirmed that their appointment, if made, at the ensuing AGM shall be in accordance with conditions specified in the Act.

The Auditors' Reports for the Financial Year 2017-18 do not contain any qualification, reservation, adverse remark or disclaimer.

COST AUDIT

Pursuant to Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, the Central Government has prescribed audit of cost records for certain products. Accordingly, the Company needs to carry out cost audit of its products. Based on the recommendations of the Audit Committee, the Board of Directors has re-appointed M/s J. K. Kabra & Co., Cost Accountants as Cost Auditors of the Company to conduct cost audit for the Financial Year 2017-18.

SECRETARIAL AUDIT

The Board had appointed M/s Sanjay Grover & Associates, Company Secretaries to conduct Secretarial Audit pursuant to the provisions of Section 204 of the Act for the Financial Year 2017-18. The Report of the Secretarial Auditors is attached as **Annexure-1** to this Report and does not contain any qualification, reservation, adverse remark or disclaimer.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Shyam S Bhartia retires by rotation at the ensuing AGM and being eligible, offers himself for re-appointment.

The Board has appointed Mr. Rajesh Kumar Srivastava as Whole-time Director of the Company for a period of 5 years effective from January 17, 2018 subject to approval of shareholders at the ensuing AGM.

The tenure of Mr. S Sridhar, Ms. Sudha Pillai and Dr. Ashok Misra as Independent Directors shall expire on March 31, 2019. The Board has, at its meeting held on May 9, 2018, recommended re-appointment of Mr. S Sridhar, Ms. Sudha Pillai and Dr. Ashok Misra as Independent Directors for another term of 5 consecutive years effective from April 1, 2019 for approval of Shareholders at the ensuing AGM.

The Shareholders have approved appointment of Mr. Sushil Kumar Roongta and Mr. Vivek Mehra as Independent Directors and Mr. Priyavrat Bhartia and Mr. Arjun Shanker Bhartia as Non-Executive Directors at the 39th AGM of the Company held on August 29, 2017.

Mr. Pramod Yadav resigned from the Board effective from January 17, 2018 on his appointment as Director and CEO of Jubilant Pharma Limited, a wholly-owned subsidiary of the Company.

MEETINGS OF THE BOARD

Four meetings of the Board of Directors of the Company were held during the Financial Year 2017-18.

DECLARATION OF INDEPENDENT DIRECTORS

All Independent Directors have given declaration that they meet the criteria of independence as provided under Section 149 of the Act and Regulation 16 of the Listing Regulations.

APPOINTMENT AND REMUNERATION POLICY

The Company has implemented Appointment and Remuneration Policy pursuant to the provisions of Section 178 of the Act and Regulation 19 read with Schedule II, Part D of the Listing Regulations. The salient features of the Policy and other details have been disclosed in the Corporate Governance Report attached to this Report.

ANNUAL PERFORMANCE EVALUATION OF THE BOARD

A statement on annual evaluation by the Board of its own performance and performance of its Committees as well as individual Directors forms part of the Corporate Governance Report attached to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors, based on the representation received from the management, confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the Directors have 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, 2018 and of the profits of the Company for the year ended March 31, 2018;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the annual accounts on a going concern basis;
- (v) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively.

Based on the framework of internal financial controls including the Controls Manager for financial reporting and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and the reviews

performed by the management and the relevant Board committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the Financial Year 2017-18; and

- (vi) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

COMPOSITION OF AUDIT COMMITTEE

During the year, the Audit Committee was re-constituted. As on date, the Audit Committee comprises Mr. S Sridhar, Chairman, Ms. Sudha Pillai, Dr. Ashok Misra, Mr. Vivek Mehra and Mr. Priyavrat Bhartia. The Board has accepted all the recommendations made by the Audit Committee.

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 disclosed pursuant to Section 134 of the Act read with the Companies (Accounts) Rules, 2014 is given as **Annexure-2** and forms part of this Report.

EMPLOYEES

Particulars of Directors and Employees as required under Section 197(12) of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given as **Annexure-3** and form part of this Report.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

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 financial control systems play a key role in directing and guiding the Company's activities by continually preventing and managing risks. The Board, Audit Committee and Senior Management team collectively set the overall tone and risk culture of the Company by identifying the risks impacting the Company's business and documenting the process of risk identification, risk minimization and risk optimization as a part of the risk management policy through defined and communicated corporate values, clearly assigned risk responsibilities, appropriately delegated authority and a set of processes and guidelines.

There exists a critical risk management framework across the Company and the same is reviewed on a periodic basis by the Board. Some of the critical risks identified in various businesses of the Company are:

- Competition, Cost Competitiveness and Pricing
- Dependence on Certain Key Products and Customers
- Foreign Currency and Interest Rate Exposures
- Capacity Planning and Optimisation
- Manufacturing Operations

- Dependence on Single Manufacturing facility
- Research and Development (R&D) Effectiveness
- Supply Interruptions due to Single Source Supplier
- Limited Product Pipeline
- Failure to Supply to Customers
- Human Resources- Acquire and Retain Talent
- Compliance and Regulatory
- Environment, Health and Safety (EHS)
- Protecting Intellectual Property Rights (IPR)
- Information Technology (IT)
- Risk of changes in Tax Legislation
- Mergers and Acquisitions
- Political or Economic Instability or Acts of Terrorism
- Duties by Export Destination Countries
- Acceptance of Our Products in Market
- Policies regarding returns, allowances and charge backs in the United States
- Labour Unions
- Consolidation of Customer Base
- Business Interruption

The Company promotes strong ethical values and high levels of integrity in all its activities, which in itself is a significant risk mitigator. With the growth strategy in place, risk management holds the key to the success of the Company's journey of continued competitive sustainability in attaining the desired business objectives.

Implementation of Internal Financial Controls

To compete globally, world class Corporate Governance and Financial Controls over operations are a must for the Company. The Internal Financial Controls as mandated by the Act not only require a certification from CEO-CFO but also put an obligation on the Board of Directors to ensure that the Internal Financial Controls are adequate and operating effectively. Besides this, the Statutory Auditors are also required to give an opinion on the adequacy and effectiveness of Internal Controls over Financial Reporting ('ICFR').

To make the Internal Financial Controls framework robust, the Company has worked on three lines of defense strategy which is as under:

- **First Line of Defense:** Build internal controls into operating processes – To this end, we have ensured that a detailed Delegation of Authority is issued, Standard Operating Procedures for the processes are created, financial decision making is done through Committees, IT controls are built into the processes, Segregation of Duties is done, strong budgetary control framework exists, the Entity level controls including Code of Conduct, Ombudsman Office are put in place, etc.
- **Second Line of Defense:** Create an efficient review mechanism – We created a review mechanism under which all the business units and functions are reviewed for performance at least once in a month by the

respective CEOs and once in a quarter, by the Corporate team. The formats for these reviews are detailed and finalized with the help of global consulting firms.

- **Third Line of Defense:** Independent assurance – A Big Four firm has been appointed as our internal auditors to perform systematic independent audit of every aspect of the business to provide independent assurance on the effectiveness of the internal controls and highlight the gaps for continuous improvement.

We have implemented a programme under which more than 2,000 financial controls are established and certified on a quarterly basis by the relevant process owners before the financial results are closed for the quarter. A quarterly certification process is maintained through a work flow based IT tool called 'Controls Manager' and this certification is the basis of the CEO-CFO certification stipulated by Regulation 17(8) read with Part B of Schedule II to the Listing Regulations.

We have implemented a web-based automated compliance management and reporting system. The objective of the system is to ensure that the compliances are effectively managed and controlled and that they support the Company's business objectives and corporate policy requirements. The system includes a comprehensive checklist for ensuring compliance with the laws and regulations applicable to all plants and offices of the Company. To ensure timely and effective compliances, the compliance status is monitored on a real-time basis by the Secretarial Team. The status is reviewed on a quarterly basis by the Senior Management and the Board of Directors. Pursuant to the Listing Regulations, the Company Secretary and Compliance Officer places a compliance report to the Board of Directors on a quarterly basis.

The Company regularly updates the controls library and Risk and Control Matrix. The exercise of review of controls was conducted during the year by the in-house process owners with the help of a Big Four firm. The revised control framework after such review was tested for operational effectiveness by the Statutory Auditors and they have given an affirmative opinion about the adequacy and effectiveness of the Internal Controls for Financial Reporting in the Company.

The Company has three business segments namely (a) Pharmaceuticals (b) Life Science Ingredients and (c) Drug Discovery Solutions. Each segment has a complete management set up with CEO, CFO, Business leaders and other functional heads who are responsible for running the operations and report to the Chairman/Co-Chairman and Managing Director and the Corporate Committee.

To improve the controls in operations, we have established, for each line of business, the concept of financial decision making through operational committees.

A detailed note on Internal Control Systems and Risk Management is given under '**Management Discussion and Analysis Report**'.

CERTIFICATIONS

The Corporate Office in Noida and Gajraula Manufacturing facility are certified for Responsible Care®14001:2013 under

the American Chemistry Council's (ACC) Responsible Care® program. Implementation of RC14001 and Responsible Care Management System by Jubilant demonstrates its commitment to employee health and safety, community and the environment.

Responsible Care initiative encompasses comprehensive environmental management system, occupational health and safety, product stewardship, security, community outreach and transportation safety and aims at achieving and sustaining high standards of performance.

Gajraula, Nira, Bharuch and Savli Manufacturing facilities are certified under Integrated Management System program for ISO 9001 (Quality Management System), ISO 14001 (Environmental Management System) and OHSAS 18001 (Occupational Health and Safety Management system).

Gajraula

Gajraula Quality Control Laboratory has also been accredited by National Accreditation Board for Testing and Calibration Laboratories in accordance with the ISO/IEC 17025:2005. The Carbon Dioxide manufacturing facility is certified for FSSC 22000 (Food Safety System Certification) for production and dispatch of food grade Carbon Dioxide for Beverages. Carbon Dioxide product is approved by Food Safety and Standards Authority of India (FSSAI).

Gajraula manufacturing facility is Kosher and Halal Certified for key products used for human consumption.

Savli

Animal Nutrition Unit at Savli is certified for FAMI-QS Code Version 5.1 in Feed Safety Management System.

Ambernath

Ambernath Manufacturing facility is ISO 9001:2015 certified for Quality Management System.

Bharuch

Bharuch Site is certified for Energy Management System Certification ISO 50001:2011 for Energy Conservation programme (ENCON).

Vitamins plant at Bharuch is certified for FAMI-QS Code Version 5.1 in Feed Safety Management System, Kosher, Halal-India, Halal-Malaysia, Halal-Indonesia, FSSC 22000 (Food Safety System Certification) and Good Manufacturing Practices ('GMP').

Nira

Acetyl manufacturing facility at Nira has been certified for FSSC 22000 (Food Safety System Certification) for production and dispatch of Acetic Anhydride and Ethyl Acetate and also for storage, packaging and dispatch of Glacial Acetic Acid for food application. Manufacturing facility at Nira is Kosher and Halal certified for key products used for human consumption.

HUMAN RESOURCES

Our employees remain at the core of the Company's growth strategy and play a vital role in ensuring sustainable business growth and future readiness. The Company has been focusing on strengthening its talent management

and employee engagement processes through clear role expectations with specific and well defined Key Performance Indicators for each role. We believe in creating a culture of performance and merit that provides all our employees with opportunities to excel, learn and progress. We have been focusing on attracting the best talent from India's leading campuses to have a steady flow of fresh talent, thereby creating a strong pool of internal talent.

Our well defined Leadership Competency Framework lays tremendous focus on outlining a common leadership culture throughout the organization. All our initiatives are backed by an action oriented development plan. The development initiatives lay the foundation of our talent pipeline.

Last year, we have conducted culture survey across businesses and geographies. The results of the survey have been published and shared with employees and appropriate initiatives would be taken in this regard.

In the learning and development space, we launched "Learning Management System" providing online training courses on business, functional, management and leadership skills to hone and foster a culture of continuous learning in the organisation. Additionally, we have mandatory programs for employees on the Code of Conduct, Whistle Blower Policy and Policy on Prevention of Sexual Harassment at workplace to reinforce our commitment to governance and adherence to the code of conduct and fair business practices. The Company has not received any complaint during the year under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

At Jubilant, we continue to strive to attract the best talent to fuel accelerated contribution and growth. However, there is talent scarcity across the industry. To mitigate the same, it is imperative for us to attract the best talent. To meet this objective, we had launched employee branding survey to understand how external world - Customers, Students, prospective candidates, etc. - perceive Jubilant and how different it is from the internal perception. We have received satisfactory response and have identified the focus areas to strengthen our Employer's Value Proposition.

As on March 31, 2018, a total of 355 employees at our manufacturing plants at Savli, Nira and Gajraula were either members of unions or had collective bargaining capabilities. During the year, we enjoyed cordial relations with our employees and there have been no instances of labour unrest or disputes at any of the manufacturing sites.

A detailed note on Human Resource Management is given in the '**Management Discussion and Analysis Report**'.

INVESTOR SERVICES

With a view to keep the investors well informed of its activities, the Company has taken the following initiatives:

- E-mailing quarterly results and press releases to the Shareholders soon after they are sent to the stock exchanges and e-mailing Annual Reports. Maintaining user friendly Investor Section on the website of the Company www.jubl.com;
- A dedicated e-mail address viz. investors@jubl.com for interacting on various matters with respect to share

transfer, transmission, dividends and other related issues with the Company Secretary and Compliance Officer;

- The Company has placed an Investor Feedback form on its website www.jubl.com under the head 'Investor Feedback Form' to obtain valuable feedback and suggestions of the investors, by submitting the Form electronically;
- Earnings Presentation and Release detailing the quarterly results are uploaded on the website of the Company www.jubl.com. Earnings call is typically conducted post announcement of results to the stock exchanges as per the schedule mentioned in the Concall Invite which is also uploaded on the website of the Company. Earnings calls playback is made available on the link shared in the Concall Invite and transcripts are uploaded on the website of the Company;
- The presentation and meeting schedule of Road shows attended by the Company are uploaded on its website after intimating the same to the Stock Exchanges; and
- Disclosure made to the Stock Exchanges are promptly uploaded on the website of the Company for information of the Investors.

AWARDS AND ACCOLADES

During the year, various awards and accolades were received by the Company like:

- Most Consistent IR (Investor Relations) Practice in the country award instituted by IR Society of India;
- FICCI award for Efficiency in Energy Usage in Chemical sector; and
- Gold award by Chemexcil in Large Scale Manufacturer plus Merchant Exporter sector.

VIGIL MECHANISM

During the year, the Board has revised Vigil Mechanism (Whistle Blower Policy) to make the process more robust. The details of Vigil Mechanism adopted by the Company have been disclosed in the Corporate Governance Report, which is attached to and forms an integral part of this Report.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility ('CSR') is an integral part of Jubilant's framework for sustainable development. The Company's approach towards sustainable development focuses on the triple bottom line of Economic, Environmental and Social performance. The CSR activities at Jubilant are in line with the provisions of Section 135 read with Schedule VII to the Act. The Company's CSR initiatives thrust on creating value in the lives of the communities around its areas of operations. Jubilant as a responsible corporate works in the line of Sustainable Development Goals (SDGs) with a strong focus on social performance indicated in the CSR projects of the organization. The SDGs, otherwise known as the Global Goals, are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

Following are the highlights of CSR at Jubilant:

- CSR is deeply imbibed in the Company's approach towards sustainable development. Jubilant considers community as one of its apex stakeholders and believes in inclusive growth.
- During the year, Jubilant continued its CSR initiatives in the realm of Education, Health, Livelihood and Social Entrepreneurship.
- Jubilant has been publishing its Corporate Sustainability Report every year from 2003 onwards. The report is externally verified and is in accordance with the Global Reporting Initiative ('GRI') guidelines.
- Acknowledged application level A+ by GRI for our Corporate Sustainability Report since 2007 onwards. Report for FY 2016-17 was prepared in line with GRI G4 Guidelines in accordance with 'Comprehensive' option. All our reports are available on the Company's website www.jubl.com.
- CSR initiatives of the 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 organization. JBF works on 4P model (Public-Private-People-Partnership) for empowering communities. JBF in partnership with Schwab Foundation for Social Entrepreneurship has been conferring Social Entrepreneur of the Year (SEOY) Award in India since the year 2010. The award celebrates mature-stage social entrepreneurs and their organizations that implement innovative, sustainable and large-scale solutions to address social issues. SEOY does not fall in the purview of CSR activities pursuant to the provisions of Schedule VII to the Act. The Company shall, however, continue to confer the SEOY award over and above CSR budget of the Company in view of the social benefits of the award.
- JBF's detailed activities are available on its website www.jubilantbhartiafoundation.com. Annual Report on CSR including contents of the CSR Policy is attached as **Annexure-4** to this Report. In compliance with the Listing Regulations, Business Responsibility Report forms part of the Annual Report.
- During the Financial Year 2015, Jubilant Pharma had taken loan from International Finance Corporation ('IFC'). Jubilant Pharma had ensured compliance towards the Environmental and Social Action Plan suggested by IFC post Environment and Social Due Diligence. Jubilant Pharma is also submitting Annual Monitoring Report ('AMR') to IFC containing detailed environment and social performance of the company with respect to the IFC Performance Standards in a timely manner. The AMR also includes the latest compliance status towards the Environmental and Social Action Plan recommended by IFC during their annual E&S supervision visit.

OTHER DISCLOSURES

- i. **Extracts of Annual Return:** Pursuant to the provisions of Section 92 of the Act read with Rule 12 of the Companies

(Management and Administration) Rules, 2014, extract of the Annual Return is attached as **Annexure-5** to this Report.

- ii. **Public Deposits:** The Company has not accepted any deposits from the public during the year. The Company had no outstanding, overdue, unpaid or unclaimed deposits at the beginning and end of the Financial Year 2017-18.
- iii. **Loans, Guarantees and Investments:** Details of loans, guarantees/ securities and investments along with the purpose for which the loan, guarantee or security is proposed to be utilised by the recipient have been disclosed in Note nos. 5, 6, 11, 38A and 40 to the Standalone Financial Statements.
- iv. **Particulars of Contracts or Arrangements with the Related Parties:** The Company has formulated a policy on Related Party Transactions ('RPTs'), dealing with the review and approval of RPTs. Prior omnibus approval is obtained for RPTs which are of repetitive nature. All RPTs are placed before the Audit Committee for review and approval.

All RPTs entered into during the Financial Year 2017-18 were in the ordinary course of business and on arm's length basis. No material RPTs were entered into during the Financial Year 2017-18 by the Company as defined in the Policy on Materiality of Related Party Transactions. Accordingly, the disclosure of RPTs as required under Section 134(3)(h) of the Act in Form AOC-2 is not applicable. Your Directors draw attention of the members to Note no. 37 to the Standalone Financial Statements which sets out the Related Party disclosures.

- v. **Material Changes in Financial Position:** No material change or commitment has occurred after the close of the Financial Year 2017-18 till the date of this Report, which affects the financial position of the Company.
- vi. **Orders passed by Courts/ Regulators:** No significant or material order has been passed by the regulators or courts or tribunals impacting the going concern status of the Company or its future operations.
- vii. **Secretarial Standards:** The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings.

CORPORATE GOVERNANCE

As a responsible corporate citizen, the 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 is attached as **Annexure-6** and forms part of this Report. A certificate from a Practising Company Secretary confirming compliance with the conditions of Corporate Governance, as stipulated in Clause E of Schedule V to the Listing Regulations is attached to the Corporate Governance Report.

The Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for Directors and Senior Management for the year ended March 31, 2018. A certificate from the Co-Chairman & Managing Director confirming the same is attached to the Corporate Governance Report.

A certificate from the CEO and CFO confirming correctness of the financial statements, adequacy of internal control measures, etc. is also attached to the Corporate Governance Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report on the operations of the Company as provided under the Listing Regulations has been given separately and forms part of this Report.

ACKNOWLEDGMENTS

Your Directors acknowledge with gratitude the co-operation and assistance received from the Central and State Government authorities. Your Directors thank the shareholders, debentureholders, financial institutions, banks/ other lenders, debenture trustees, 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 the Company's employees at all levels, which has continued to be our major strength. We look forward to their continued support in the future.

For and on behalf of the Board

Shyam S Bhartia

Chairman
(DIN: 00010484)

Hari S Bhartia

Co-Chairman & Managing Director
(DIN: 00010499)

Place: Noida

Date: May 9, 2018

SECRETARIAL AUDIT REPORTFOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

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To,
The Members,
Jubilant Life Sciences Limited
(CIN: L24116UP1978PLC004624)
Bhartiagram, Gajraula, District Amroha,
Uttar Pradesh-244223

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Jubilant Life Sciences Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

We report that-

- a) Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- b) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- c) We have not verified the correctness and appropriateness of the financial statements of the Company.
- d) Wherever required, we have obtained the Management representation about the compliances of laws, rules, regulations and standards and happening of events etc.
- e) The compliance of the provisions of the corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
- f) The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has

proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:-

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client;
 - (g) *The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (h) *The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

*No event took place under these regulations during the audit period.

We have also examined compliance with the applicable clauses of the Secretarial Standards on Meetings of the Board of Directors and on General Meetings issued by the Institute of Company Secretaries of India.

During the audit period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards, to the extent applicable, as mentioned above.

- (vi) The Company's Businesses comprise of manufacturing and distribution of products, and providing services across Pharmaceuticals, Life Science Ingredients and DrugDiscoverySolutions.ThePharmaceuticalssegment, through its wholly owned subsidiary Jubilant Pharma Limited, is engaged in manufacture and supply of APIs, Solid Dosage Formulations, Radiopharmaceuticals, Allergy Therapy Products and Contract Manufacturing of Sterile and Non-sterile products through 6 USFDA approved manufacturing facilities in India, USA and Canada and a network of over 50 radiopharmacies in the US. The Life Science Ingredients segment, is engaged in Specialty Intermediates, Nutritional Products and Life Science Chemicals through 5 manufacturing facilities in India. The Drug Discovery Solutions segment, provides proprietary in-house innovation & collaborative research and partnership for out-licensing through 3 world class research centres in India and USA. As informed by the management, following are some of the laws specifically applicable to the Company:-
- Narcotics Drugs and Phychotropic Substance Act, 1985 and rules made thereunder;
 - Legal Metrology Act, 2009 and rules made thereunder;
 - Boilers Act, 1923 and rules made thereunder;
 - Essential Commodities Act, 1955 and rules made thereunder;

We have checked the compliance management system of the Company to obtain reasonable assurance about the adequacy of systems in place to ensure compliance of

specifically applicable laws and this verification was done on test basis. We believe that the Audit evidence which we have obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion and to the best of our information and according to explanations given to us, we believe that the compliance management system of the Company seems adequate to ensure compliance of laws specifically applicable to the Company.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the audit period were carried out in compliance with the provisions of the Act.

Adequate notices were given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent in advance of the meetings and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting.

Board decisions are carried out with unanimous consent and therefore, no dissenting views were required to be captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations, standards and guidelines.

For Sanjay Grover & Associates
Company Secretaries
Firm Registration No.: P2001DE052900

Place: New Delhi
Date: May 9, 2018

Sanjay Grover
Managing Partner
CP No.: 3850

Annexure-2

Disclosures under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014

A. CONSERVATION OF ENERGY

i) Steps taken or impact on conservation of energy

- Reduced Steam and Power Norms in the Life Science Chemicals, Advance Intermediate and Ethanol Plant at Gajraula through replacement with energy efficient equipment, installation of Variable Frequency Drives, improvement in the efficiencies in equipment and process changes for utilisation of waste heat.
- Reduced Steam and Power Norms in Bharuch by improving operational control of utilities and process pumps for power norms and institutionalisation of improved processes for steam norms reduction.
- Reduced Steam and Power Norms in Ambernath.
- Power saving in Ethyl Acetate Plant at Nira.

The above steps have resulted into savings of ₹ 263.00 Million during the Financial Year 2017-18.

ii) Steps taken by the Company for utilizing alternate sources of energy

The Company recognizes the reality of climate change and its impact. To bring down the carbon foot print, the Company continuously strives to use renewable energy. The usage of solar power at Bharuch for running the canteen facilities strengthens the focus of the Company to use renewable energies. Biogas in Gajraula and Nira and solar energy are the key renewable sources in the overall energy mix of the Company.

iii) Capital investment on energy conservation equipment

Capital investment on energy conservation equipment during the Financial Year 2017-18 was ₹ 70 Million.

B. TECHNOLOGY ABSORPTION

i) Efforts made towards technology absorption

At Jubilant, Research and Development (R&D) is the manifestation of our belief in innovation and quality that fuels our business aspirations. A team of 900+ diversely-qualified best-in-class R&D scientists working cohesively in 9 multi-located state-of-the-art R&D Centres spread across India, US and Canada focus on delivering innovative, quality products and platforms across value chain of pharmaceutical research. The R&D centres support the execution of

business strategies. All R&D Centres conform to International Standards and are well equipped with world-class infrastructure. All multi-located dedicated R&Ds are diversified but internally integrated to leverage knowledge and innovation in allied scientific domains. Each R&D Centre has dedicated unit integrated with relevant business. Our constant endeavor to invest in R&D have helped the Company in creating a robust product pipeline ensuring sustainable growth. The basic mission of R&D remains to enhance innovation level, scientific efficiency and effectiveness in compliance with Jubilant core values.

The multi-skilled R&D team specializes across value chain of pharmaceuticals and focuses on generics research including APIs and across dosage forms, Novel Drug Delivery Systems research, Radiopharmaceuticals, Allergenic extracts research, Chemistry/ process developments of advance intermediates, fine ingredients, Contract research, Drug Discovery research, Analytical research and biological support including pharmacokinetics and BA/BE research. R&D supports the activities of various businesses through developing new breakthrough products, process development, process intensification, absorption of technologies and establishing technologies at commercial scale.

Our R&D thrives on 'green chemistry culture' and has developed various environment friendly and disruptive technologies wherein many batch processes have been replaced by continuous processes, incorporated optimum atom efficiencies, recycling and reuse of solvents/reagents/by-products targeting towards zero discharge of effluents, removal/substitution/minimization of hazardous chemicals and replacing chemical processes with enzymatic/ chemo catalysis processes.

We have evolved our production technologies including specialized proprietary know-how over a period of time with the help of R&D. We keep our options to licence-in/ licence-out technologies/ know-how to accelerate businesses of interest.

ii) Benefits derived like product improvement, cost reduction, product development or import substitution

Jubilant Group has an effective strategy to develop products which are compliant with accepted standard documentation with earmarked budgets and to invest in R&D commensurate with the business plans. R&D set up at various plant locations continuously work on cost reduction of existing products and development of new

products using the same assets. We dedicate considerable resources to R&D in order to develop new as well as improved products and processes, which in turn create value for our customers.

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

We continually develop new products that provide our customers with better solutions for existing problems and new solutions for emerging problems. This requires us to expend significant effort on research, development, manufacturing and marketing. To preserve the value of our investment, we rely on the patent laws of the jurisdictions where we do business. In addition, we continue to improve our production efficiency. Our production technologies typically incorporate specialized proprietary know-how. We have both developed intellectual property internally and acquired intellectual property through acquisitions. From time to time, we may grant licenses to third parties to use our patents and know-how and may obtain licenses from others to manufacture and sell products using their technology and know-how.

We have designed a very successful R&D which continues to ensure delivery of a sustainable pipeline of high-value drug products. The Company's R&D strategy is centered on improving the speed and yield of generic products. We have always demonstrated our commitment to support

humanitarian efforts by bringing quality and affordable generic medicines in the market.

Our R&D continues to lead to new, innovative processes and new knowledge-driven products that increase the efficiencies of our production and allow us to capitalize on opportunities for growth in competitive markets.

Our Intellectual Property (IP)-enabled innovative R&D efforts have helped us in avoiding any IP dispute by designing around capabilities and identifying newer opportunities, better understanding of emerging challenges, developing alternative/innovative research strategies and creating IP which is well protected in defined geographies of our business interests. Our efforts have fructified into IPs, which have grown over the years creating a strong position in generic pharmaceutical businesses in regulated markets.

We have been conferred with various prestigious awards nationally for R&D work.

iii) **Imported Technology:** Not Applicable.

iv) **Expenditure incurred on Research and Development**

(₹ / Million)

Sr. No.	Particulars	2017-18	2016-17
(a)	Capital	17.96	14.30
(b)	Recurring	182.05	161.64
Total		200.01	175.94

C. **FOREIGN EXCHANGE EARNINGS AND OUTGO**

(₹ / Million)

Particulars	2017-18	2016-17
Foreign exchange outgo in terms of actual outflows	12,044	7,762
Foreign exchange earned in terms of actual inflows	14,402	10,881

Annexure-3

**Particulars prescribed under Section 197(12) of the Act read with the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014**

PART A:

- i) The ratio of remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2017-18 and the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary, in the Financial Year 2017-18 are as under:

Sr. No.	Name and Designation of Director/ Key Managerial Personnel	Remuneration during Financial Year 2017-18 (In ₹)	% increase in Remuneration	Ratio of Remuneration of each Director to median Remuneration of Employees
1	Mr. Shyam S Bhartia, Chairman	-	-	-
2	Mr. Hari S Bhartia, Co-Chairman & Managing Director	133,918,238	214.73	251.95
3	Mr. S Sridhar Non-Executive Independent Director	1,540,000	(0.32)	2.90
4	Ms. Sudha Pillai, Non-Executive Independent Director	1,555,000	1.63	2.92
5	Dr. Ashok Misra Non-Executive Independent Director	1,395,000	(5.10)	2.62
6	Mr. Sushil Kumar Roongta Non-Executive Independent Director	1,107,535	-	2.08
7	Mr. Vivek Mehra Non-Executive Independent Director	1,107,535	-	2.08
8	Mr. Priyavrat Bhartia Non-Executive Director	-	-	-
9	Mr. Arjun Shanker Bhartia Non-Executive Director	-	-	-
10	Mr. Rajesh Kumar Srivastava Whole-time Director	6,059,074	-	11.40
11	Mr. Pramod Yadav, Whole-time Director	28,730,695	-	54.05
12	Mr. R Sankaraiah Chief Financial Officer (Designated as Executive Director - Finance)	62,908,081	(13.37)	Not Applicable
13	Mr. Rajiv Shah Company Secretary	8,163,552	10.46	Not Applicable

Notes:

- Mr. Shyam S Bhartia, Chairman has opted not to take commission and sitting fees for the Financial Year 2017-18.
- Remuneration of Mr. Hari S Bhartia includes commission payable.
- Mr. Sushil Kumar Roongta and Mr. Vivek Mehra were appointed as Non-Executive Independent Directors effective from May 23, 2017. Percentage increase in their remuneration is not quantified as they were appointed as Directors during the Financial Year 2017-18.
- Mr. Priyavrat Bhartia and Mr. Arjun Shanker Bhartia were appointed as Non-Executive Directors effective from May 23, 2017. They have opted not to take commission and sitting fees for the Financial Year 2017-18.
- Mr. Rajesh Kumar Srivastava was appointed as Whole-time Director ('WTD') of the Company for a period of 5 years effective from January 17, 2018. Therefore, percentage increase in his remuneration is not quantified.
- Mr. Pramod Yadav was appointed as WTD effective from April 1, 2017 and resigned from the Board effective from January 17, 2018. Therefore, percentage increase in his remuneration is not quantified.
- Remuneration of Mr. R Sankaraiah for the Financial Year 2016-17 included ₹ 12,636,668 towards perquisite value of ESOPs exercised.
- Remuneration of Non-Executive Independent Directors consists of sitting fees and commission payable.
- Median of Total Cost to Company (CTC) on payable basis has been taken for all on-roll employees as on March 31, 2018. Median salary of all on-roll employees is ₹ 531,524.

- (ii) The percentage increase in the median remuneration of employees in the Financial Year 2017-18 was 8.96%.
- (iii) 2,436 permanent employees were on the rolls of the Company as on March 31, 2018.
- (iv) Average percentage increase already made in the salaries of employees other than the managerial personnel in the last Financial Year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration. Average increase in the remuneration of employees other than managerial personnel was 10.69% in the Financial Year 2017-18. Details of remuneration paid to the Managerial Personnel is given in the table above. The remuneration has been paid to the Managerial Personnel in line with the resolutions approved by the Board of Directors and Shareholders, as applicable.
- (v) Affirmation that the remuneration is as per the remuneration policy of the Company:
It is hereby affirmed that the remuneration paid is as per the Appointment and Remuneration Policy for Directors, Key Managerial Personnel and other employees.

PART B:

Sr. 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. Top Ten Employees in terms of remuneration drawn during the Financial Year 2017-18									
1	Ajay Khanna	Chief-Strategic and Public Affairs	B.Com, LL.B	37	1-Jun-09	58	26,834,962	Partner	Accenture India Pvt. Limited
2	Anil Khubchandani	Senior VP & SBU Head – Speciality Ingredients	B.Tech.	26	19-Jul-02	48	14,356,150	Plant Manager-Technical	Duncans Industries Limited
3	Ashutosh Agarwal	CSO	M.Sc., Ph.D	38	20-Aug-98	60	35,668,275	DGM - Organic Chemical Business	Ballarpur Industries Limited
4	Chandan Singh Sengar	President - Life Science Chemicals	B.Sc., MBA	32	13-Jul-88	54	22,724,523	Assistant Officer	J.K. Synthetics Limited
5	Hari S Bhartia	Co-Chairman & Managing Director	IIT Delhi - Chemical Engineering	36	1-Jan-82	61	133,918,238	-	-
6	Pramod Yadav	Whole-time Director	B.Sc. (Tech.), MMM	31	4-Sep-95	55	46,403,377	Marketing Manager (North)	Bhansali Engg. Polymers Limited
7	R Sankaraiah	Executive Director-Finance	B.Sc. FCA	34	9-Sep-02	59	62,908,081	GM - Finance	SRF Limited
8	Rajesh Kumar Srivastava	Whole-time Director	B.Tech., MMM	31	19-Aug-00	53	36,096,743	Marketing Manager	Ranbaxy Fine Chemicals Limited
9	Raju Sunil Mistry	Chief Human Resources Officer	M.A., Ph.D	25	24-Nov-16	54	19,681,246	Group Head- Talent Management	Aditya Birla Group
10	Siddhartha Pahwa	Chief -Supply Chain	CA, CWA	21	30-Jun-17	45	16,711,789	Group CEO	Meru Cabs
B. Employed for full year and in receipt of remuneration for the year which in aggregate was not less than ₹ 10,200,000 per annum (other than those mentioned in Para A above)									
1	Biswajit Mitra	Executive VP & Chief of Manufacturing	B.Tech.	28	20-Jun-16	56	12,643,402	Director- Global Operations	Chemo Espana Madrid
2	J Devarajan	VP-Indirect Taxation	B.Com, ACS, AICWA	26	1-Sep-14	48	10,213,972	Senior VP-Indirect Taxation	Indiabulls Group

Sr. 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
3	Praveen Kumar Gupta	Senior VP & Head - Direct Taxation	B.Com, FCA, FCS	21	25-Jan-05	44	12,882,145	DGM Taxation	Ballarpur Industries Limited
4	Puneet Sud	SBU Head - External Manufacturing	B.Tech.	29	5-Aug-16	52	11,542,549	VP- Operation	Piramal Enterprises Ltd
5	Ravindra Tiwari	Senior VP & Head Projects-LSI	B.Tech., M.Tech.	26	17-Apr-08	58	10,739,061	Project Head	Abhishek Industries Ltd.
6	Sanjay Gupta	Senior VP - Head Legal	B.Com. (H), LL.B., FCS, ACMA	30	25-Nov-14	53	11,021,840	Partner	Hammurabi & Solomon Advocates
7	Shoubhik Sen	Senior VP and Head-BE & Six Sigma	B. E	33	22-Dec-14	56	11,947,441	Senior Director-GB Excellence	Flextronics
8	Umesh Mehta	CIO	B.Sc. (Computer Science), PGLSCM	29	1-Sep-10	52	10,930,469	Vice President	Asia Motor Work Limited
9	Vimal Deep Kulshrestha	Senior VP and SBU Head-Ethanol & Speciality Gases	B.Tech. (Chemical Engg.)	31	28-Jun-95	53	12,973,075	Asstt. Manager-Poly	Modipon Fibres Company
C. Employed for part of the year and in receipt of remuneration which in aggregate was not less than ₹ 850,000 per month (other than those mentioned in Para A above)									
1	Anil Gaur	VP - Human Resource	PGDBM, LL.B	24	19-Mar-13	52	9,666,899	GM - Human Resource	Maruti Suzuki India Limited
2	Arun K Sharma	CFO (LSI) & Executive VP (Corporate Finance)	B.Sc., CA	29	04-Oct-17	52	6,590,323	CFO	Jubilant Pharma Limited
3	Prakash Chandra Bisht	Executive VP - Group Accounts	B.Com, CA	31	23-Apr-09	54	11,982,291	Head-Accounts	Apollo Tyres Limited
4	Samit Srivastava	VP and Business Head - IBP	B.Sc., PGDM	18	3-Apr-17	41	10,443,029	Senior VP	Bright Life Care

Notes:

- Employment of Mr. Hari S Bhartia, Mr. Rajesh Kumar Srivastava and Mr. Pramod Yadav are contractual. Employment of the other officials are governed by the rules and regulations of the Company from time to time.
- All above persons are/ were full time employees of the Company.
- Mr. Hari S Bhartia is a relative of Mr. Shyam S Bhartia, Chairman and Mr. Arjun Shanker Bhartia, Director. None of the other employees is related to any Director of the Company.
- Mr. Rajesh Kumar Srivastava has been appointed as WTD of the Company for a period of 5 years effective from January 17, 2018. Prior to this, he was Co-CEO-Life Science Ingredients of the Company.
- Mr. Pramod Yadav resigned from the Board effective from January 17, 2018. His remuneration includes payment of dues of ₹ 17,672,682 on separation from the Company.
- None of the above employees is covered under Rule 5 (2) (iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- Remuneration comprises salary, allowances, perquisites/ taxable value of perquisites etc. including perquisite value of ESOPs exercised. Remuneration of Mr. Hari S Bhartia includes commission payable.
- Abbreviations: BE - Business Excellence; CEO - Chief Executive Officer; CFO - Chief Financial Officer; CIO - Chief Information Officer; CSO - Chief Scientific Officer; DGM - Deputy General Manager; GB - Global Business; GM - General Manager; IBP - India Branded Pharma; LSI - Life Science Ingredients; SBU - Strategic Business Unit; VP - Vice President.

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES – FINANCIAL YEAR 2017-18**1. A brief outline of the Company's Corporate Social Responsibility Policy ('CSR Policy'), including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs**

Corporate Social Responsibility ('CSR') at Jubilant is the commitment of businesses to contribute to sustainable economic development by working with the employees, their families, the local community and the society at large to improve their lives in ways that are good for business and for its development.

CSR segment of the organisation is guided by the Sustainability Mission of the Company. In compliance with the provisions of Section 135 of the Companies Act, 2013 (the 'Act') read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has taken the following steps:

- Updation of CSR Policy which has been placed on the Company's website www.jubl.com
- Approval by the Sustainability & CSR Committee (the 'Committee') to implement CSR activities through 'Jubilant Bhartia Foundation', a not-for-profit organisation registered under Section 25 of the Companies Act, 1956 (corresponding to Section 8 of the Act)
- While implementing CSR projects, the Company shall give priority to the area around its manufacturing locations in India
- The Committee approved the following CSR activities which are in line with Schedule VII to the Act:
 - **Project Arogya and Swasthya Prahari:** Improving health indices through innovative services and promoting health seeking behaviour;
 - **Project Muskaan:** Universalising elementary education and improving quality parameters for primary education through community involvement; and
 - **Nayee Disha:** Enhancing employability through vocational training.
- While Social Entrepreneur of the Year Award is not a part of Schedule VII to the Act, the Company shall continue its support to the project over and above the CSR Budget

2. Composition of the Sustainability & CSR Committee

Composition of the Committee as on March 31, 2018:

Sr. No.	Name of Director	Designation in CSR Committee
1	Dr. Ashok Misra	Chairman
2	Mr. Shyam S Bhartia	Member
3	Mr. Hari S Bhartia	Member
4	Mr. S Sridhar	Member
5	Ms. Sudha Pillai	Member
6	Mr. Sushil Kumar Roongta	Member
7	Mr. Priyavrat Bhartia	Member
8	Mr. Arjun Shanker Bhartia	Member
9	Mr. Rajesh Kumar Srivastava	Member

Note: Mr. S Sridhar and Mr. Sushil Kumar Roongta, Independent Directors, Mr. Priyavrat Bhartia and Mr. Arjun Shanker Bhartia, Directors and Mr. Rajesh Kumar Srivastava, Whole-time Director were appointed as members of the Committee effective from January 17, 2018.

3. Average net profit of the Company for last three Financial Years: ₹ 544.66 Million**4. Prescribed CSR Expenditure (2% of the amount as in item 3 above): ₹ 10.9 Million****5. Details of CSR Expenditure during the Financial Year 2017-18**

- (a) Total amount to be spent as per budget for the Financial Year 2017-18: ₹ 10.9 Million
- (b) Amount unspent vis-à-vis prescribed CSR expenditure as per Section 135(5) of the Act: Nil

(c) Manner in which the amount spent during the year is detailed below:

(1) Sr. No.	(2) CSR Project or Activity identified	(3) Sector in which the Project is covered	(4) Projects or Programmes		(5) Amount outlay (budget) Project or Programme wise	(6) Amount spent on the Projects or Programmes		(7) Cumulative expenditure upto the reporting period	(8) Amount spent: Direct or through implementing agency
			Local area or other	State and District where Projects or Programmes were undertaken		Direct expenditure on Projects or Programmes	Over-heads		
1	Health (Arogya and Swasthya Prahari)	Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water	Local/ Other	Uttar Pradesh (Gajraula – Distt. Amroha), Karnataka (Nanjangud – Distt. Mysore), Maharashtra (Nira – Distt. Pune), Gujarat (Samlaya, Distt. Vadodara and Vlayat, Distt. Bharuch) and Uttarakhand (Roorkee, Distt. Haridwar)	3.10	3.10	-Nil-	3.10	Jubilant Bhartia Foundation
2	Education (Muskaan)	Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects	Local/ Other	Uttar Pradesh (Gajraula – Distt. Amroha), Karnataka (Nanjangud – Distt. Mysore), Maharashtra (Nira – Distt. Pune), Gujarat (Samlaya, Distt. Vadodara and Vlayat, Distt. Bharuch) and Uttarakhand (Roorkee, Distt. Haridwar)	4.90	4.90	-Nil-	4.90	Jubilant Bhartia Foundation

(₹ in Million)

(1) Sr. No.	(2) CSR Project or Activity identified	(3) Sector in which the Project is covered	(4) Projects or Programmes		(5) Amount outlay (budget) Project or Programme wise	(6) Amount spent on the Projects or Programmes		(7) Cumulative expenditure upto the reporting period	(8) Amount spent: Direct or through implementing agency
			Local area or other	State and District where Projects or Programmes were undertaken		Direct expenditure on Projects or Programmes	Over-heads		
3	Livelihood (NayeeDisha)	Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects	Local/ Other	Uttar Pradesh (Gajraula – Distt. Amroha), Karnataka (Nanjangud – Distt. Mysore), Maharashtra (Nira – Distt. Pune), Gujarat (Samlaya, Distt. Vadodara and Vilyat, Distt. Bharuch) and Uttarakhand (Roorkee, Distt. Haridwar)	2.90	2.90	-Nil-	2.90	Jubilant Bhartia Foundation
Total					10.90	10.90	-	10.90	

Notes:

- Plants at Nanjangud (Karnataka) and Roorkee (Uttarakhand) are owned by Jubilant Generics Limited, a wholly owned subsidiary of the Company. Similarly, Jubilant Infrastructure Limited, a wholly-owned subsidiary of the Company also has a plant at Bharuch (Gujarat).
- Jubilant Bhartia Foundation is the implementing agency.

- In case the Company has failed to spend 2% of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report: Not Applicable**
- The Sustainability & CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with CSR objectives and Policy of the Company.**

Hari S Bhartia
Co-Chairman & Managing Director
(DIN: 00010499)

For Jubilant Life Sciences Limited

Ashok Misra
Chairman - Sustainability & CSR Committee
(DIN: 00006051)

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN

as on the Financial Year ended on March 31, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

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I. REGISTRATION AND OTHER DETAILS

i)	CIN	L24116UP1978PLC004624
ii)	Registration Date	June 21, 1978
iii)	Name of the Company	Jubilant Life Sciences Limited
iv)	Category/ Sub-Category of the Company	Public Company/ limited by shares
v)	Address of the Registered office and contact details	Bhartiagram, Gajraula, District Amroha-244 223, Uttar Pradesh, India Ph. +91-5924-267200
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Alankit Assignments Limited (Unit: Jubilant Life Sciences Limited) Alankit Heights, 3E/7 Jhandewalan Extension, New Delhi - 110055 Ph.+91-11-42541234/ 23541234 Email: rta@alankit.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sr. No.	Name and Description of Main Products/ Services	NIC Code of the Product/Service	% to Total Turnover of the Company
1	Basic Organic Chemicals	2011	89%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section of the Companies Act, 2013
1	Jubilant Clinsys Limited 1A, Sector-16A, Noida-201301, U.P.	U24232UP2004PLC029008	Subsidiary	100% (Through subsidiary)	2(87)
2	Jubilant Biosys Limited 1A, Sector-16A, Noida-201301, U.P.	U24110UP1998PLC029591	Subsidiary	66.98% * (Through subsidiary)	2(87)
3	Jubilant Chemsys Limited 1A, Sector-16A, Noida-201301, U.P.	U24232UP2004PLC029009	Subsidiary	100% (Through subsidiary)	2(87)
4	Jubilant First Trust Healthcare Limited 1A, Sector-16A, Noida-201301, U.P.	U85110UP2006PLC035993	Subsidiary	100%	2(87)
5	Jubilant Infrastructure Limited 1A, Sector-16A, Noida-201301, U.P.	U45201UP2006PLC031618	Subsidiary	100%	2(87)
6	Jubilant DraxImage Limited 1A, Sector-16A, Noida-201301, U.P.	U74900UP2009FLC038194	Subsidiary	100% (Through subsidiary)	2(87)

Sr. No.	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section of the Companies Act, 2013
7	Jubilant Innovation (India) Limited 1A, Sector-16A, Noida-201301, U.P.	U73100UP2007PLC034211	Subsidiary	100% (Through subsidiary)	2(87)
8	Vanths Pharmaceutical Development Private Limited 1A, Sector-16A, Noida-201301, U.P.	U73100UP2009PTC037333	Subsidiary	100% (Through subsidiary)	2(87)
9	Jubilant Generics Limited 1A, Sector-16A, Noida-201301, U.P.	U24100UP2013FLC060821	Subsidiary	100% (Through subsidiary)	2(87)
10	Cadista Holdings Inc. 207 Kiley Drive, Salisbury, MD 21801, USA	N.A.	Subsidiary	100% (Through subsidiary)	2(87)
11	Jubilant Cadista Pharmaceuticals Inc. 207 Kiley Drive, Salisbury, MD 21801, USA	N.A.	Subsidiary	100% (Through subsidiary)	2(87)
12	Jubilant Drug Discovery & Development Services Inc. 16751 Trans-Canada Highway Kirkland, Quebec H9H 4J4, Canada	N.A.	Subsidiary	100% (Through subsidiary)	2(87)
13	Jubilant Pharma Holdings Inc. 790 Township Line Road Suite 120 Yardley, PA 19067, USA	N.A.	Subsidiary	100% (Through subsidiary)	2(87)
14	Jubilant Clinsys Inc. One Crossroads Drive, Building A, Second Floor, Bedminster, New Jersey 07921, USA	N.A.	Subsidiary	100% (Through subsidiary)	2(87)
15	HSL Holdings Inc. 2711 Centerville Road, Suite 400, City of Wilmington, 19808, County of New Castle, Delaware, USA	N.A.	Subsidiary	100% (Through subsidiary)	2(87)
16	Jubilant HollisterStier LLC 2711 Centerville Road, Suite 400, City of Wilmington, 19808, County of New Castle, Delaware, USA	N.A.	Subsidiary	100% (Through subsidiary)	2(87)
17	Jubilant Life Sciences (USA) Inc. 790 Township Line Road Suite 120 Yardley, PA 19067, USA	N.A.	Subsidiary	100%	2(87)
18	Jubilant DraxImage (USA) Inc. 2711 Centerville Road, Suite 400, City of Wilmington, 19808, County of New Castle, Delaware, USA	N.A.	Subsidiary	100% (Through subsidiary)	2(87)
19	Draxis Pharma LLC 790 Township Line Road Suite 120 Yardley, PA 19067, USA	N.A.	Subsidiary	100% (Through subsidiary)	2(87)
20	Jubilant HollisterStier Inc. 790 Township Line Road Suite 120 Yardley, PA 19067, USA	N.A.	Subsidiary	100% (Through subsidiary)	2(87)
21	Jubilant Discovery Services LLC 365 Phoenixville pike LLC, Malvern, PA 19355, USA	N.A.	Subsidiary	100% (Through subsidiary)	2(87)

Sr. No.	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section of the Companies Act, 2013
22	Jubilant Pharma Trading Inc. 790 Township Line Road Suite 120 Yardley, PA 19067, USA	N.A.	Subsidiary	100% (Through subsidiary)	2(87)
23	Draximage (UK) Limited 125 Old Broad Street, 26th Floor, London EC2N 1AR United Kingdom	N.A.	Subsidiary	100% (Through subsidiary)	2(87)
24	Jubilant Pharma Limited 160, Robinson Road #17-01, SBF Center, Singapore 068914	N.A.	Subsidiary	100%	2(87)
25	Jubilant Life Sciences International Pte. Limited 160, Robinson Road #17-01, SBF Center, Singapore 068914	N.A.	Subsidiary	100%	2(87)
26	Jubilant Biosys (Singapore) Pte. Limited 160, Robinson Road #17-01, SBF Center, Singapore 068914	N.A.	Subsidiary	100% (Through subsidiary)	2(87)
27	Jubilant Drug Development Pte. Limited 160, Robinson Road #17-01, SBF Center, Singapore 068914	N.A.	Subsidiary	100% (Through subsidiary)	2(87)
28	Jubilant Innovation Pte. Limited 160, Robinson Road #17-01, SBF Center, Singapore 068914	N.A.	Subsidiary	100% (Through subsidiary)	2(87)
29	Drug Discovery and Development Solutions Limited 160, Robinson Road #17-01, SBF Center, Singapore 068914	N.A.	Subsidiary	100%	2(87)
30	Jubilant Life Sciences (Shanghai) Limited Room No: 401-A, No. 169, Tiagu Road, WaiGaoQiao Free Trade Zone, Shanghai-2001317, China	N.A.	Subsidiary	100% (Through subsidiary)	2(87)
31	Draximage Limited, Cyprus Themistokli Dervi, 3, Julia House, P.C. 1066, Nicosia, Cyprus	N.A.	Subsidiary	100% (Through subsidiary)	2(87)
32	Draximage Limited, Ireland 1st Floor, Riverview House, 21/ 23 City Quay, Dublin 2, Ireland	N.A.	Subsidiary	100% (Through subsidiary)	2(87)
33	Jubilant Pharma NV AXXES BUSINESS PARK, Guldensporenpark 22 - Blok C, B - 9820 Merelbeke, Belgium	N.A.	Subsidiary	100% (Through subsidiary)	2(87)
34	Jubilant Pharmaceuticals NV AXXES BUSINESS PARK, Guldensporenpark 22 - Blok C, B - 9820 Merelbeke, Belgium	N.A.	Subsidiary	100% (Through subsidiary)	2(87)
35	PSI Supply NV AXXES BUSINESS PARK, Guldensporenpark 22 - Blok C, B - 9820 Merelbeke, Belgium	N.A.	Subsidiary	100% (Through subsidiary)	2(87)

Sr. No.	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section of the Companies Act, 2013
36	Jubilant Life Sciences NV AXXES BUSINESS PARK, Guldensporenpark 22 - Blok C, B - 9820 Merelbeke, Belgium	N.A.	Subsidiary	100% (Including through subsidiary)	2(87)
37	Jubilant Life Sciences (BVI) Limited Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	N.A.	Subsidiary	100% (Through subsidiary)	2(87)
38	Jubilant Biosys (BVI) Limited Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	N.A.	Subsidiary	100% (Through subsidiary)	2(87)
39	Jubilant DraxImage Inc. 16751 Trans-Canada Highway Kirkland, Quebec H9H 4J4, Canada	N.A.	Subsidiary	100% (Through subsidiary)	2(87)
40	6963196 Canada Inc. 100, King St. West 1 First Canadian Place, #6100 Toronto, Ontario M5X 1B8, Canada	N.A.	Subsidiary	100% (Through subsidiary)	2(87)
41	6981364 Canada Inc. 100, King St. West 1 First Canadian Place, #6100 Toronto, Ontario M5X 1B8, Canada	N.A.	Subsidiary	100% (Through subsidiary)	2(87)
42	Jubilant Innovation (USA) Inc. 365 Phoenixville pike LLC, Malvern, PA 19355, USA	N.A.	Subsidiary	100% (Through subsidiary)	2(87)
43	Jubilant Pharma Australia Pty Limited Level 2 108 Power Street, Hawthorn VIC 3122, Australia	N.A.	Subsidiary	100% (Through subsidiary)	2(87)
44	Jubilant DraxImage Radiopharmacies Inc. 2711 Centerville Road, Suite- 400, City of Wilmington, 19808, County of New Castle, Delaware, USA	N.A.	Subsidiary	100% (Through subsidiary)	2(87)

* Denotes Equity Shares

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (April 1, 2017)			No. of Shares held at the end of the year (March 31, 2018)			% Change during the year
	Demat	Physical	Total	Demat	Physical	Total	
A. Promoters							
(1) Indian							
a) Individual/HUF	503,500	-	503,500	503,500	-	503,500	0.32
b) Central Govt.	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-
d) Bodies Corporate	78,577,176	-	78,577,176	73,243,176	-	73,243,176	45.98
e) Banks/ FI	-	-	-	-	-	-	(3.35)
f) Any Other	-	-	-	-	-	-	-
Sub-total (A) (1):-	79,080,676		79,080,676	73,746,676		73,746,676	(3.35)
(2) Foreign							
a) NRIs-Individuals	1,399,935	-	1,399,935	1,399,935	-	1,399,935	0.88
b) Other-Individuals	-	-	-	-	-	-	-
c) Bodies Corporate	5,570,445	-	5,570,445	5,570,445	-	5,570,445	3.50
d) Banks/ FI	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-
Sub-total (A) (2):-	6,970,380		6,970,380	6,970,380		6,970,380	4.38
Total Shareholding of Promoters (A)=(1)+(2)	86,051,056		86,051,056	80,717,056		80,717,056	54.02
B. Public Shareholding							
(1) Institutions							
a) Mutual Funds	5,637,657	-	5,637,657	8,386,858	-	8,386,858	5.26
b) Banks/ FI	268,927	600	269,527	201,850	600	202,450	0.13
c) Central Govt.	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-
g) FIs	2,619,509	-	2,619,509	368,624	-	368,624	0.23
							(1.41)

Category of Shareholders	No. of Shares held at the beginning of the year (April 1, 2017)			No. of Shares held at the end of the year (March 31, 2018)			% Change during the year
	Demat	Physical	Total	Demat	Physical	Total	
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-
i) Others	-	-	-	-	-	-	-
(a) Alternate Investment Funds	15,623	-	15,623	600,476	-	600,476	0.37
(b) Foreign Portfolio Investors	30,357,772	-	30,357,772	36,699,927	-	36,699,927	3.98
Sub-total (B)(1):-	38,899,488	600	38,900,088	46,257,735	600	46,258,335	4.62
(2) Non-Institutions							
a) Bodies Corporate							
i) Indian	8,503,487	3,440	8,506,927	7,372,802	1,490	7,374,292	4.63 (0.71)
ii) Overseas	-	-	-	-	-	-	-
b) Individuals							
i) Individual shareholders holding nominal share capital upto ₹ 1 Lac	14,722,854	1,180,203	15,903,057	13,232,894	1,049,478	14,282,372	8.97 (1.02)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lac	5,368,436	-	5,368,436	5,467,943	-	5,467,943	3.43 0.06
c) Others							
i) Trusts	3,623,956	-	3,623,956	3,517,078	-	3,517,078	2.21 (0.07)
ii) Non-Resident Individuals/ Foreign Nationals	881,579	46,040	927,619	814,016	42,880	856,896	0.54 (0.04)
ii) IEPF	-	-	-	807,167	-	807,167	0.50 0.50
Sub-total (B)(2):-	33,100,312	1,229,683	34,329,995	31,211,900	1,093,848	32,305,748	20.28 (1.28)
Total Public Shareholding (B)=(B)(1)+(B)(2)	71,999,800	1,230,283	73,230,083	77,469,635	1,094,448	78,564,083	49.32 3.35
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-
Grand Total (A+B+C)	158,050,856	1,230,283	159,281,139	158,186,691	1,094,448	159,281,139	100.00 100.00

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (April 1, 2017)			Shareholding at the end of the year (March 31, 2018)			% Change in Shareholding during the Year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ Encumbered to Total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ Encumbered to Total Shares	
1	Mr. Shyam S Bhartia	1,399,935	0.88	–	1,399,935	0.88	–	–
2	Mr. Hari S Bhartia	360,885	0.23	–	360,885	0.23	–	–
3	Ms. Kavita Bhartia	10,285	0.01	–	10,285	0.01	–	–
4	Mr. Shamit Bhartia	129,245	0.08	–	129,245	0.08	–	–
5	Mr. Priyavrat Bhartia	3,085	0.00	–	3,085	0.00	–	–
6	Vam Holdings Limited	–	–	–	–	–	–	–
7	Jubilant Stock Holding Private Limited	21,871,992	13.73	7.57	21,871,992	13.73	2.77	–
8	Jaytee Private Limited	7,600	0.00	–	7,600	0.00	–	–
9	HSB Corporate Consultants Private Limited	18,698,979	11.74	–	18,698,979	11.74	–	–
10	SSB Consultants and Management Services Private Limited	21,007,665	13.19	–	21,007,665	13.19	–	–
11	Nikita Resources Private Limited	3,504,540	2.20	–	3,504,540	2.20	–	–
12	Rance Investment Holdings Limited	2,400,000	1.51	–	2,400,000	1.51	–	–
13	Torino Overseas Limited	770,445	0.48	–	770,445	0.48	–	–
14	Cumin Investments Limited	2,400,000	1.51	–	2,400,000	1.51	–	–
15	MAV Management Advisors LLP	5,681,400	3.57	–	5,321,400	3.34	–	(0.23)
16	Jubilant Consumer Private Limited	5,567,000	3.50	–	2,831,000	1.78	–	(1.72)
17	Jubilant Advisors LLP	2,238,000	1.40	–	–	–	–	(1.40)
18	Miller Holdings Pte. Limited*	–	–	–	–	–	–	–
	Total	86,051,056	54.02	7.57	80,717,056	50.68	2.77	(3.35)

* Became part of the Promoter Group in FY 2017-18

(iii) Change in Promoters' Shareholding

The following changes took place in the shareholding of the Promoters during the year ended March 31, 2018:

Sr. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (April 1, 2017 to March 31, 2018)	
		No. of shares at the beginning (April 1, 2017)/ end of the year (March 31, 2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Jubilant Consumer Private Limited	5,567,000	3.50	1-Apr-17				
				23-Feb-18	-2,736,000	Transfer	2,831,000	1.78
		2,831,000	1.78	31-Mar-18	-	-	2,831,000	1.78
2	Jubilant Advisors LLP	2,238,000	1.40	1-Apr-17				
				23-Feb-18	-2,238,000	Transfer	-	-
		-	-	31-Mar-18	-	-	-	-
3	MAV Management Advisors LLP	5,681,400	3.57	1-Apr-17				
				23-Feb-18	-360,000	Transfer	5,321,400	3.34
		5,321,400	3.34	31-Mar-18	-	-	5,321,400	3.34

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (April 1, 2017 to March 31, 2018)	
		No. of shares at the beginning (April 1, 2017)/ end of the year (March 31, 2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
1	East Bridge Capital Master Fund Limited	7,377,759	4.63	1-Apr-17				
		7,377,759	4.63	31-Mar-18	-	-	7,377,759	4.63
2	Motilal Oswal Mutual Fund	5,497,626	3.45	1-Apr-17				
				7-Apr-17	169,190	Transfer	5,666,816	3.56
				14-Apr-17	145,804	Transfer	5,812,620	3.65
				21-Apr-17	58,000	Transfer	5,870,620	3.69
				5-May-17	20,005	Transfer	5,890,625	3.70
				2-Jun-17	14,012	Transfer	5,904,637	3.71
				30-Jun-17	48,000	Transfer	5,952,637	3.74
				14-Jul-17	-49	Transfer	5,952,588	3.74
				11-Aug-17	78,547	Transfer	6,031,135	3.79
				18-Aug-17	217,428	Transfer	6,248,563	3.92
				25-Aug-17	417,269	Transfer	6,665,832	4.18
				1-Sep-17	-3,092	Transfer	6,662,740	4.18
				8-Sep-17	149,756	Transfer	6,812,496	4.28
		15-Sep-17	165,379	Transfer	6,977,875	4.38		
		29-Sep-17	46,187	Transfer	7,024,062	4.41		
		6-Oct-17	-15,157	Transfer	7,008,905	4.40		
		13-Oct-17	1,988	Transfer	7,010,893	4.40		

Sr. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (April 1, 2017 to March 31, 2018)	
		No. of shares at the beginning (April 1, 2017)/ end of the year (March 31, 2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
				20-Oct-17	36,454	Transfer	7,047,347	4.42
				27-Oct-17	-50	Transfer	7,047,297	4.42
				3-Nov-17	-578,944	Transfer	6,468,353	4.06
				17-Nov-17	-50	Transfer	6,468,303	4.06
				1-Dec-17	-25,471	Transfer	6,442,832	4.04
				22-Dec-17	111,096	Transfer	6,553,928	4.11
				29-Dec-17	69,894	Transfer	6,623,822	4.16
				12-Jan-18	96,067	Transfer	6,719,889	4.22
				26-Jan-18	-107,328	Transfer	6,612,561	4.15
				2-Feb-18	-79,758	Transfer	6,532,803	4.10
				9-Feb-18	-148,910	Transfer	6,383,893	4.01
				16-Feb-18	-21,101	Transfer	6,362,792	3.99
				16-Mar-18	-152,207	Transfer	6,210,585	3.90
				23-Mar-18	-29,141	Transfer	6,181,444	3.88
				30-Mar-18	-153	Transfer	6,181,291	3.88
		61,81,291	3.88	31-Mar-18	-	-	6,181,291	3.88
3	Jubilant Employees Welfare Trust	3,548,951	2.23	1-Apr-17				
				23-Jun-17	-4,346	Transfer	3,544,605	2.23
				3-Nov-17	-1,210	Transfer	3,543,395	2.22
				10-Nov-17	-29,155	Transfer	3,514,240	2.21
				16-Feb-18	-7,423	Transfer	3,506,817	2.20
		3,506,817	2.20	31-Mar-18	-	-	3,506,817	2.20
4	Government Pension Fund Global	2,969,661	1.86	1-Apr-17				
				7-Apr-17	-60,000	Transfer	2,909,661	1.83
				21-Apr-17	-70,000	Transfer	2,839,661	1.78
				28-Apr-17	-20,000	Transfer	2,819,661	1.77
				5-May-17	-20,000	Transfer	2,799,661	1.76
				12-May-17	-40,000	Transfer	2,759,661	1.73
				15-Sep-17	35,000	Transfer	2,794,661	1.75
				22-Sep-17	15,000	Transfer	2,809,661	1.76
				5-Jan-18	-83,852	Transfer	2,725,809	1.71
				12-Jan-18	-83,852	Transfer	2,641,957	1.66
				19-Jan-18	-100,000	Transfer	2,541,957	1.60
				2-Mar-18	-50,000	Transfer	2,491,957	1.56
		2,491,957	1.56	31-Mar-18	-	-	2,491,957	1.56
5	Morgan Stanley Asia (Singapore) Pte	2,287,096	1.44	1-Apr-17				
				7-Apr-17	-190,510	Transfer	2,096,586	1.32
				14-Apr-17	-941	Transfer	2,095,645	1.32
				21-Apr-17	-22,902	Transfer	2,072,743	1.30
				28-Apr-17	-49,886	Transfer	2,022,857	1.27

Sr. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (April 1, 2017 to March 31, 2018)	
		No. of shares at the beginning (April 1, 2017)/ end of the year (March 31, 2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
				5-May-17	-14,303	Transfer	2,008,554	1.26
				4-Aug-17	-748	Transfer	2,007,806	1.26
				11-Aug-17	-2613	Transfer	2,005,193	1.26
				18-Aug-17	-829	Transfer	2,004,364	1.26
				25-Aug-17	-555	Transfer	2,003,809	1.26
				22-Sep-17	-4900	Transfer	1,998,909	1.25
				20-Oct-17	-2633	Transfer	1,996,276	1.25
				3-Nov-17	-56	Transfer	1,996,220	1.25
				10-Nov-17	-562	Transfer	1,995,658	1.25
				17-Nov-17	-122	Transfer	1,995,536	1.25
				24-Nov-17	-1,165	Transfer	1,994,371	1.25
				8-Dec-17	-2,643	Transfer	1,991,728	1.25
				22-Dec-17	-475	Transfer	1,991,253	1.25
				19-Jan-18	-12,545	Transfer	1,978,708	1.24
		1,978,708	1.24	31-Mar-18	-	-	1,978,708	1.24
6	Jhunjhunwala Rakesh Radheshyam	1,500,000	0.94	1-Apr-17				
		1,500,000	0.94	31-Mar-18	-	-	1,500,000	0.94
7	GHI LTP Limited	1,304,127	0.82	1-Apr-17				
				9-Mar-18	-36,268	Transfer	1,267,859	0.80
				16-Mar-18	-108,471	Transfer	1,159,388	0.73
				23-Mar-18	-63,547	Transfer	1,095,841	0.69
		1,095,841	0.69	31-Mar-18	-	-	1,095,841	0.69
8	Rakesh Radheshyam Jhunjhunwala	1,250,000	0.78	1-Apr-17				
				5-May-17	750,000	Transfer	2,000,000	1.26
				17-Nov-17	-40,000	Transfer	1,960,000	1.23
				24-Nov-17	-710,000	Transfer	1,250,000	0.78
				08-Dec-17	18,600	Transfer	1,268,600	0.80
				22-Dec-17	-18,600	Transfer	1,250,000	0.78
				19-Jan-18	280,000	Transfer	1,530,000	0.96
				26-Jan-18	-19,400	Transfer	1,510,600	0.95
				9-Feb-18	16,000	Transfer	1,526,600	0.96
				2-Mar-18	500,000	Transfer	2,026,600	1.27
				16-Mar-18	-13,300	Transfer	2,013,300	1.26
				23-Mar-18	-13,300	Transfer	2,000,000	1.26
		2,000,000	1.26	31-Mar-18	-	-	2,000,000	1.26

Sr. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (April 1, 2017 to March 31, 2018)	
		No. of shares at the beginning (April 1, 2017)/ end of the year (March 31, 2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
9	Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Fund	1,097,434	0.69	1-Apr-17				
				7-Apr-17	16,023	Transfer	1,113,457	0.70
				28-Apr-17	1,470	Transfer	1,114,927	0.70
				5-May-17	11,760	Transfer	1,126,687	0.71
				12-May-17	3,675	Transfer	1,130,362	0.71
				19-May-17	7,938	Transfer	1,138,300	0.71
				2-Jun-17	3,234	Transfer	1,141,534	0.72
				7-Jul-17	5,145	Transfer	1,146,679	0.72
				14-Jul-17	3,675	Transfer	1,150,354	0.72
				4-Aug-17	3,234	Transfer	1,153,588	0.72
				11-Aug-17	4,263	Transfer	1,157,851	0.73
				1-Sep-17	5,292	Transfer	1,163,143	0.73
				8-Sep-17	7,497	Transfer	1,170,640	0.73
				15-Sep-17	6,762	Transfer	1,177,402	0.74
				6-Oct-17	4,410	Transfer	1,181,812	0.74
				13-Oct-17	4,557	Transfer	1,186,369	0.74
				20-Oct-17	3,381	Transfer	1,189,750	0.75
				27-Oct-17	3,087	Transfer	1,192,837	0.75
				22-Dec-17	-2,106	Transfer	1,190,731	0.75
				26-Jan-18	7,614	Transfer	1,198,345	0.75
		2-Feb-18	6,804	Transfer	1,205,149	0.76		
		30-Mar-18	-6,900	Transfer	1,198,249	0.75		
		1,198,249	0.75	31-Mar-18	-	-	1,198,249	0.75
10	Atyant Capital India Fund I*	1,057,613	0.66	1-Apr-17				
				7-Apr-17	-20,000	Transfer	1,037,613	0.65
				16-Mar-18	-171,183	Transfer	866,430	0.54
		866,430	0.54	31-Mar-18	-	-	866,430	0.54
11	Dimensional Emerging Markets Value Fund	993,088	0.62	1-Apr-17				
		993,088	0.62	31-Mar-18	-	-	993,088	0.62
12	Lazard Emerging Markets Small Cap Equity Trust**	-	-	1-Apr-17				
				10-Nov-17	757,705	Transfer	757,705	0.48
				17-Nov-17	64,928	Transfer	822,633	0.52
				24-Nov-17	350,917	Transfer	1,173,550	0.74
				22-Dec-17	60,753	Transfer	1,234,303	0.77
				5-Jan-18	165	Transfer	1,234,468	0.78
				12-Jan-18	1,000	Transfer	1,235,468	0.78
				9-Feb-18	-101,075	Transfer	1,134,393	0.71
				2-Mar-18	-370,618	Transfer	763,775	0.48
				16-Mar-18	201,522	Transfer	965,297	0.61
		965,297	0.61	31-Mar-18	-	-	965,297	0.61

Sr. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (April 1, 2017 to March 31, 2018)	
		No. of shares at the beginning (April 1, 2017)/ end of the year (March 31, 2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
13	J.P. Morgan India Private Limited**	-	-	1-Apr-17				
				23-Feb-18	5,334,000	Transfer	5,334,000	3.35
				2-Mar-18	-5,334,000	Transfer	-	-
		-	-	31-Mar-18	-	-	-	-
14	Canara Robeco Mutual Fund***	600	0.00	1-Apr-17				
				24-Nov-17	540,000	Transfer	540,600	0.34
				1-Dec-17	294,722	Transfer	835,322	0.52
				8-Dec-17	147,560	Transfer	982,882	0.62
				15-Dec-17	8,200	Transfer	991,082	0.62
				22-Dec-17	150,790	Transfer	1,141,872	0.72
				29-Dec-17	65,210	Transfer	1,207,082	0.76
				5-Jan-18	5,000	Transfer	1,212,082	0.76
				9-Mar-18	2,300	Transfer	1,214,382	0.76
				16-Mar-18	7,080	Transfer	1,221,462	0.77
		1,221,462	0.77	31-Mar-18	-	-	1,221,462	0.77
15.	Copthall Mauritius Investment Limited***	-	-	1-Apr-17				
				2-Mar-18	2,691,625	Transfer	2,691,625	1.69
				9-Mar-18	-420,978	Transfer	2,270,647	1.43
				16-Mar-18	-506,400	Transfer	1,764,247	1.11
				23-Mar-18	-420,315	Transfer	1,343,932	0.84
				30-Mar-18	-362,725	Transfer	981,207	0.62
		981,207	0.62	31-Mar-18	-	-	981,207	0.62

*Ceased to be in the Top 10 shareholders as on March 31, 2018. The same is reflected above as the shareholder was one of the Top 10 shareholders as on April 1, 2017.

**Not in the list of Top 10 shareholders as on April 1, 2017. The same has been reflected above as the shareholder was one of the Top 10 shareholders during the year and ceased to be one of the Top 10 shareholders as on March 31, 2018.

***Not in the list of Top 10 shareholders as on April 1, 2017. The same is reflected above since the shareholder was one of the Top 10 shareholders as on March 31, 2018.

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name	Shareholding at the beginning of the year (April 1, 2017)		Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity, etc.)	Cumulative Shareholding during the year (2017-18)		At the end of the year (March 31, 2018)	
		No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mr. Shyam S Bhartia, Chairman	1,399,935	0.88	No change during the Financial Year 2017-18	1,399,935	0.88	1,399,935	0.88
2	Mr. Hari S Bhartia, Co-Chairman and Managing Director	360,885	0.23		360,885	0.23	360,885	0.23
3	Mr. S Sridhar, Director	-	-		-	-	-	-

Sr. No.	Name	Shareholding at the beginning of the year (April 1, 2017)		Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity, etc.)	Cumulative Shareholding during the year (2017-18)		At the end of the year (March 31, 2018)	
		No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
4	Ms. Sudha Pillai, Director	-	-		-	-	-	-
5	Dr. Ashok Misra, Director	-	-		-	-	-	-
6	Mr. Sushil Kumar Roongta	-	-		-	-	-	-
7	Mr. Vivek Mehra	-	-		-	-	-	-
8	Mr. Priyavrat Bhartia	3085	0.00		3085	0.00	3085	0.00
9	Mr. Arjun Shanker Bhartia	-	-		-	-	-	-
10	Mr. Pramod Yadav	-	-		-	-	-	-
11	Mr. Rajesh Kumar Srivastava	-	-		-	-	-	-
12	Mr. R Sankaraiah, Chief Financial Officer (Designated as Executive Director - Finance)	81,901	0.05	Refer Note			28,155	0.02
13	Mr. Rajiv Shah, Company Secretary	-	-	No change during the Financial Year 2017-18	-	-	-	-

Notes:

- Mr. Sushil Kumar Roongta and Mr. Vivek Mehra were appointed as Independent Directors effective from May 23, 2017.
- Mr. Priyavrat Bhartia and Mr. Arjun Shanker Bhartia were appointed as Non-Executive Directors effective from May 23, 2017.
- Mr. Pramod Yadav was appointed as Whole-time Director (WTD) effective from April 1, 2017 and resigned from the Board effective from January 17, 2018.
- Mr. Rajesh Kumar Srivastava was appointed as WTD of the Company for a period of 5 years effective from January 17, 2018.
- Shareholding movement of Mr. R Sankaraiah, Chief Financial Officer (Designated as Executive Director - Finance) during the Financial Year 2017-18:

Sr. No.	Date	Increase/ Decrease in Shareholding	Reasons for Increase/ Decrease (e.g. allotment/ transfer/ bonus/ sweat equity, etc.)	Cumulative Shareholding during the year (2017-18)	
				No. of shares	% of total shares of the Company
1	April 1, 2017	-	-	81,901	0.05
2	June 6, 2017	-8,500	Transfer	73,401	0.05
3	June 7, 2017	-45,246	Transfer	28,155	0.02

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/ accrued but not due for payment:

(₹ / Million)

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year (April 1, 2017)				
i) Principal Amount	11,858.38	5,119.68	-	16,978.06
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	96.72	22.17	-	118.89

Total (i+ii+iii)	11,955.10	5,141.85	-	17,096.95
Change in Indebtedness during the Financial Year (including Forex effect)				
i) Addition	95.85	302.48	-	398.33
ii) Reduction	2,936.14	206.23	-	3,142.37
Net Change	-2,840.29	96.25	-	-2,744.04
Indebtedness at the end of the Financial Year (March 31, 2018)				
i) Principal Amount	9,028.88	5,210.62	-	14,239.50
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	85.93	27.48	-	113.41
Total (i+ii+iii)	9,114.81	5,238.10	-	14,352.91

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director/ Whole-time Director and/ or Manager:

					Amount (₹)
Sr. No.	Particulars of Remuneration	Mr. Hari S Bhartia, Co-Chairman and Managing Director	Mr. Pramod Yadav, Whole-time Director	Mr. Rajesh Kumar Srivastava, Whole-time Director	Total Amount
1	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	85,292,436	27,480,625	5,602,510	118,375,571
	(b) Value of Perquisites under Section 17(2) of the Income Tax Act, 1961	256,934	29,207	13,372	299,513
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission payable -as a % of Profit	45,000,000	-	-	45,000,000
5	Others (Mediclaime, Provident Fund, etc.)	3,368,868	1,220,863	443,192	5,032,923
	Total (A)	133,918,238	28,730,695	6,059,074	168,708,007
	Total (A) (₹ / Million)	133.92	28.73	6.06	168.71
	Ceiling as per the Act	₹ 385.24 Million (being 10% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)			

Notes:

- Mr. Pramod Yadav resigned from the Board effective from January 17, 2018 on his appointment as Director and CEO of Jubilant Pharma Limited, a wholly-owned subsidiary of the Company.
- Mr. Rajesh Kumar Srivastava was appointed as Whole-time Director of the Company for a period of 5 years effective from January 17, 2018.

Amount (₹)

B. Remuneration to other Directors:

Sr. No.	Particulars of Remuneration	Names of Directors										Total Amount
		Non-Executive Non-Independent Directors			Independent Directors							
		Mr. Shyam S Bhartia	Mr. Priyavrat Bhartia	Mr. Arjun Shanker Bhartia	Mr. S Sridhar	Ms. Sudha Pillai	Dr. Ashok Misra	Mr. Sushil Kumar Roongta	Mr. Vivek Mehra			
1	Fees for attending Board/Committee meetings	-	-	-	540,000	555,000	395,000	250,000	250,000	250,000	1,990,000	
2	Commission payable	-	-	-	1,000,000	1,000,000	1,000,000	857,535	857,535	857,535	4,715,070	
3	Others	-	-	-	-	-	-	-	-	-	-	
	Total (B)	-	-	-	1,540,000	1,555,000	1,395,000	1,107,535	1,107,535	1,107,535	6,705,070	
	Total (B) (₹ / Million)	-	-	-	1.54	1.55	1.39	1.11	1.11	1.11	6.70	
	Ceiling as per the Act	₹ 38.52 Million (being 1% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)										
	Overall Ceiling as per the Act (A+B)	₹ 423.76 Million (being 11% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)										

Notes:

- Mr. Shyam S Bhartia, Chairman has opted not to take commission and sitting fees for the Financial Year 2017-18.
- Mr. Priyavrat Bhartia and Mr. Arjun Shanker Bhartia were appointed as Non-Executive Directors effective from May 23, 2017. They have opted not to take commission and sitting fees for the Financial Year 2017-18.
- Mr. Sushil Kumar Roongta and Mr. Vivek Mehra were appointed as Independent Directors effective from May 23, 2017.

C. Remuneration to Key Managerial Personnel other than Managing Director/ Manager/ Whole-time Director

Amount (₹)

Sr. No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount
		Mr. R Sankaraiah Chief Financial Officer (Designated as Executive Director - Finance)	Mr. Rajiv Shah, Company Secretary	
1	Gross Salary:			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	60,612,300	7,743,344	68,355,644
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	126,758	11,665	138,423
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others	-	-	-
5	Others (Mediclaime, Provident Fund, etc.)	2,169,023	408,543	2,577,566
	Total	62,908,081	8,163,552	71,071,633

VII. PENALTIES/PUNISHMENT/ COMPOUNDING OF OFFENCES

There were no penalties / punishment / compounding of offences for breach of any Section of the Companies Act against the Company or its Directors or other officers in default, if any, during the year.

Report on Corporate Governance

A) COMPANY'S PHILOSOPHY

At Jubilant Life Sciences Limited (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 and society, continue to enhance value for our customers by providing innovative products and economically efficient solutions; and for our stakeholders through 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; and
- Complying with laws in letter as well as in spirit.

Highlights of Jubilant's Corporate Governance regime are:

- Appropriate mix of Executive and Non-Executive Directors on the Board;
- Constitution of several committees for focused attention and proactive flow of information;
- Emphasis on ethical business conduct by the Board, management and employees;
- Employees Stock Option Plans - 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 Lean Six Sigma, Total Productive Maintenance and world class manufacturing;
- Responsible Care®14001:2013 certification for Corporate Office and Gajraula manufacturing unit; Responsible Care Logo received from Indian Chemical Council (ICC) for Jubilant Life Sciences Limited (LSI Business);
- A structured process for identifying sustainability risks and opportunities;

- Focus on energy management in plant operations - ISO 50001 certification for Energy Management System at Bharuch Manufacturing Plant in FY 2016-17; A comprehensive revised Energy Policy was also introduced in FY 2017-18;
- Online monitoring of internal controls on all operations spanning more than 2,000 control assertions through a specially designed software to institutionalize a quarterly system of certification to enable CEO/CFO certification of internal controls as per Regulation 17(8) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations');
- 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 online reporting and quarterly 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;
- Robust Vigil Mechanism and Ombudsman Process;
- Detailed Policy for disclosure of material events and information;
- 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 HR policies cover succession planning, training and development, employee grievance handling, etc.; and
- Regular communication with shareholders including e-mailing of quarterly results and press releases just after release to Stock Exchanges, e-mailing of Annual Reports and Corporate Sustainability Reports and obtaining online feedback from shareholders.

Securities and Exchange Board of India regulates Corporate Governance practices for listed companies through the Listing Regulations. Jubilant is in full compliance with the Listing Regulations.

B) BOARD OF DIRECTORS

(i) Composition

The Board of Jubilant presently comprises ten members, including a Woman Director, of which five are Non-Executive Independent Directors, three Non-Executive Non-Independent Directors, one Managing Director and one Whole-time Director.

The maximum tenure of Independent Directors is upto five consecutive years from the date of their appointment. The date of appointment and tenure of the existing Independent Directors are given below:

Sr. No.	Name of Independent Director	Date of Appointment	Date of Completion of Tenure
1	Mr. S Sridhar	September 2, 2014	March 31, 2019
2	Ms. Sudha Pillai	September 2, 2014	March 31, 2019
3	Dr. Ashok Misra	September 15, 2014	March 31, 2019
4	Mr. Sushil Kumar Roongta	May 23, 2017	May 22, 2022
5	Mr. Vivek Mehra	May 23, 2017	May 22, 2022

The Board has recommended re-appointment of Mr. S Sridhar, Ms. Sudha Pillai and Dr. Ashok Misra as Independent Directors for another term of five consecutive years effective from April 1, 2019.

The letters of appointment are issued to the Independent Directors and the terms and conditions thereof are posted on the Company's website.

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

(ii) Key functions of the Board

The Board performs various statutory and other functions in connection with managing the affairs of the Company. The key functions performed by the Board of Jubilant are:

- Reviewing and guiding corporate strategy, major plans of action, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance and overseeing major capital expenditures, acquisitions and divestments
- Monitoring effectiveness of the Company's governance practices and making changes as needed

- Selecting, compensating, monitoring and when necessary, replacing Key Managerial Personnel and overseeing succession planning
- Aligning remuneration of the Key Managerial Personnel and the Board with long term interests of the Company and its shareholders
- Ensuring a transparent Board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board
- Monitoring and managing potential conflicts of interest of management, Board members and shareholders, including misuse of corporate assets and abuse in related party transactions
- Ensuring integrity of the Company's accounting and financial reporting systems, including the independent audit and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational controls and compliance with the law and relevant standards
- Overseeing the process of disclosure and communications
- Monitoring and reviewing Board Evaluation framework

(iii) Meetings of the Board

Meetings of the Board are normally 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 23, 2017, July 18, 2017, October 28, 2017 and January 17, 2018.

The Company has held a minimum of one Board Meeting in each quarter and maximum gap between two consecutive meetings did not exceed 120 days which is in compliance with the Listing Regulations and provisions of the Companies Act, 2013 (the 'Act').

An annual calendar of meetings is prepared well in advance and shared with the Directors before commencement of the year to enable them to plan their attendance at the meetings. Directors are expected to attend the Board and Committee meetings, spend 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 matters requiring approval of the Board, well in advance, so that these can be included in the agenda for the scheduled Board/ Committee meetings.

Agenda papers are sent electronically to the Directors, well in advance, before the meetings.

Draft minutes of the Board and Committee meetings are circulated to the Directors of the Company for their comments and thereafter, noted by the Board/Committees at the next meeting.

Composition of the Board of Directors as on March 31, 2018 and attendance at the Board meetings held during the Financial Year ended March 31, 2018 and at the last Annual General Meeting ('AGM') are given in the table below:

Name and Designation	Category	Attendance at Meetings		
		No. of Board Meetings		Last AGM Attended
		Held During Tenure	Attended	
Mr. Shyam S Bhartia <i>Chairman</i>	Non-Executive and Promoter	4	4	Yes
Mr. Hari S Bhartia <i>Co-Chairman & Managing Director</i>	Executive and Promoter	4	4	No
Mr. S Sridhar <i>Director</i>	Non-Executive, Independent	4	4	Yes
Ms. Sudha Pillai <i>Director</i>	Non-Executive, Independent	4	4	Yes
Dr. Ashok Misra <i>Director</i>	Non-Executive, Independent	4	4	No
Mr. Sushil Kumar Roongta <i>Director</i>	Non-Executive, Independent	4	4	Yes
Mr. Vivek Mehra <i>Director</i>	Non-Executive, Independent	4	4	Yes
Mr. Priyavrat Bhartia <i>Director</i>	Non-Executive and Promoter	4	4	No
Mr. Arjun Shanker Bhartia <i>Director</i>	Non-Executive and Promoter	4	4	No
Mr. Rajesh Kumar Srivastava <i>Whole-time Director</i>	Executive	1	1	Not Applicable
Mr. Pramod Yadav <i>Whole-time Director</i>	Executive	4	4	Yes

Notes:

- Mr. Shyam S Bhartia and Mr. Hari S Bhartia are related to each other, being brothers. Further, Mr. Priyavrat Bhartia is son of Mr. Shyam S Bhartia and Mr. Arjun Shanker Bhartia is son of Mr. Hari S Bhartia
- Mr. Pramod Yadav resigned from the Board effective from January 17, 2018 on his appointment as Director and CEO of Jubilant Pharma Limited, a wholly-owned subsidiary of the Company
- Mr. Rajesh Kumar Srivastava has been appointed as Whole-time Director effective from January 17, 2018

(iv) Other Directorships

Number of directorships in other bodies corporate and chairmanship/membership of Board Committees held by the Directors as on March 31, 2018 are given in the table below:

Name of Director	No. of Directorships in Other Bodies Corporate				No. of Chairmanships/ Memberships of Committees	
	Public Listed	Public Unlisted	Private	Foreign	Chairmanship	Membership
Mr. Shyam S Bhartia	2	2	11	15	0	2
Mr. Hari S Bhartia	2	1	9	1	0	0
Mr. S Sridhar	4	4	5	0	5	2
Ms. Sudha Pillai	3	4	1	0	1	6
Dr. Ashok Misra	2	1	3	0	0	3
Mr. Sushil Kumar Roongta	4	5	0	0	1	4
Mr. Vivek Mehra	2	2	2	1	0	3
Mr. Priyavrat Bhartia	3	3	9	0	0	6
Mr. Arjun Shanker Bhartia	0	0	4	0	0	0
Mr. Rajesh Kumar Srivastava	0	1	0	0	0	2

Note: Pursuant to Regulation 26 of the Listing Regulations, Chairmanship/ Membership of Audit Committee and Stakeholders Relationship Committee of Indian Public Companies, whether listed or not, have been considered. Committees of Jubilant are also included.

(v) Information given to the Board

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

- Annual operating plans, budgets and updates thereon;
- Capital budgets and updates thereon;
- Quarterly results of the Company and its operating divisions or business segments;
- Minutes of the meetings of Audit Committee and other committees of the Board of Directors;
- Information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of the Chief Financial Officer and the Company Secretary;
- 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 defaults 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 investments, subsidiaries, assets which are material in nature and not in normal course of business;
- Quarterly details of foreign exchange exposures and steps taken by the 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 shareholder

services such as non-payment of dividend, delay in share transfer, etc.;

- Compliance reports pertaining to applicable laws and steps taken to rectify instances of non-compliances, if any; and
- Quarterly Compliance Report on Corporate Governance.

(vi) Independent Directors' Meeting

The Independent Directors met on May 9, 2018 without the attendance of Non-Independent Directors and members of the Management of the Company. The Independent Directors, *inter alia*, evaluated performance of the Non-Independent Directors, Chairperson of the Company and the Board of Directors as a whole for the Financial Year ended March 31, 2018. They also assessed the quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

(vii) Familiarisation Programme for Independent Directors

The Company familiarises its Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, legal updates, etc. In this regard, the Company follows a structured familiarisation programme for the Independent Directors. The details related thereto are displayed on the Company's website www.jubl.com. The web-link for the same is: http://www.jubl.com/Uploads/image/765imguf_FamiliarisationProgrammeforIndependentDirectors-2018.pdf

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. The Committees operate as empowered agents of the Board as per their 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. Committees that are constituted voluntarily for effective governance of the affairs of the Company may also include Company executives.

The minutes of the meetings of all the Committees of the Board are circulated quarterly to the Board for noting.

Major Committees are:

- Audit Committee
- Nomination, Remuneration and Compensation Committee
- Stakeholders Relationship Committee

- Sustainability & CSR Committee
- Capital Issue Committee
- Finance Committee
- Fund Raising Committee

The Company Secretary officiates as the Secretary of the Committees. Detailed terms of reference, composition, quorum, meetings, attendance and other relevant details of these 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 the 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 have accounting or financial management expertise.

(i) Terms of Reference

The Audit Committee functions according to its terms of reference that define its authority, responsibility and reporting functions in accordance with the provisions of the Act and Regulation 18 read with Part C of Schedule II to the Listing Regulations which, *inter alia*, include the following:

1. Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible
2. Recommendation for appointment, remuneration and terms of appointment of cost auditors and statutory auditors including their replacement or removal
3. Approval for payment to statutory auditors for any other permitted services rendered by statutory auditors
4. Reviewing with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgement by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
5. Reviewing with the management, the quarterly financial statements before submission to the Board for approval
6. Reviewing with the management, the statement of uses/ application of funds raised through an issue (public issue, rights 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 utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take steps in this matter
7. Reviewing and monitoring with the management, independence and performance of statutory and internal auditors, adequacy of internal control systems and effectiveness of the audit processes
8. Reviewing 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
9. Discussion with internal auditors on any significant findings and follow up there-on
10. Reviewing the findings of any internal investigations by the 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
11. 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
12. To look into the reasons for substantial defaults in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors
13. To review the functioning of the Whistle Blower Policy (Vigil Mechanism)
14. Approval of appointment of CFO (i.e. the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate

15. Approval or any subsequent modification of transactions of the Company with related parties
16. Scrutiny of inter-corporate loans and investments
17. Valuation of undertakings or assets of the Company, wherever it is necessary
18. Evaluation of internal financial controls and risk management system
19. Review of management discussion and analysis of financial condition and results of operations
20. Review of management letters/ letters of internal control weaknesses issued by the statutory auditors
21. Review of internal audit reports relating to internal control weaknesses
22. Review of financial statements, in particular, investments made by the subsidiary company(ies)
23. Any other role as may be prescribed by law from time to time

(ii) Composition

During the year, the Audit Committee was re-constituted. Mr. Vivek Mehra and Mr. Priyavrat Bhartia were appointed as members of the Committee effective from January 17, 2018. As on date, the Committee comprises Mr. S Sridhar, Chairman, Ms. Sudha Pillai, Dr. Ashok Misra, Mr. Vivek Mehra and Mr. Priyavrat Bhartia.

Invitees

Mr. R Sankaraiah, Executive Director-Finance, Mr. Rajesh Kumar Srivastava, Whole-time Director and Mr. Pramod Yadav, CEO-Pharma are permanent invitees to the Audit Committee meetings.

The Statutory Auditors, representatives of the Internal Audit firm and Head of the Management Assurance Services Department attend the meetings. Cost Auditors and other executives, as desired by the Committee, attend the meetings as invitees.

(iii) Meetings, Quorum and Attendance

The Audit Committee meets at least four times in a year with a gap of not more than one hundred and twenty days between two consecutive meetings. The quorum for the meetings is two members or one-third of members whichever is higher, with atleast two Independent Directors.

During the year, the Committee met five times i.e. on May 22, 2017, July 18, 2017, August 30, 2017, October 28, 2017 and January 17, 2018.

Attendance details of the members are given in the table below:

Name of the Committee Member	Meetings Held During Tenure	Meetings Attended
Mr. S Sridhar, Chairman	5	5
Ms. Sudha Pillai	5	5
Dr. Ashok Misra	5	4
Mr. Vivek Mehra	0	Not Applicable
Mr. Priyavrat Bhartia	0	Not Applicable

Nomination, Remuneration and Compensation Committee

The Nomination, Remuneration and Compensation Committee functions according to its terms of reference that define its authority, responsibility and reporting functions in accordance with the provisions of the Act and Regulation 19 read with Part D of Schedule II to the Listing Regulations which, *inter alia*, include the following:

(i) Terms of Reference

The role of the Committee is:

1. To identify persons who are qualified to become directors in accordance with the criteria laid down and recommend to the Board, their appointment/ removal
2. To identify persons who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board, their appointment/ removal
3. To formulate criteria for performance evaluation of independent directors and the Board and to carry out evaluation of every director's performance
4. To formulate the criteria for determining qualifications, positive attributes and independence of a director
5. Devising a policy on Board diversity
6. To formulate and recommend to the Board, policies relating to the remuneration of:
 - a. Directors
 - b. Key Managerial Personnel
 - c. Other employees of the Company
7. To discharge the role envisaged under the SEBI (Share Based Employee Benefits) Regulations, 2014
8. Any other role as may be prescribed by law from time to time

(ii) Composition

During the year, the Nomination, Remuneration and Compensation Committee was re-constituted. Mr. S Sridhar ceased to be a member of the Committee effective from January 17, 2018. Mr. Sushil Kumar Roongta and Mr. Vivek Mehra were appointed as members of the Committee effective from January 17, 2018. As on date, the Committee comprises Ms. Sudha Pillai, Chairperson, Mr. Shyam S Bhartia, Mr. Sushil Kumar Roongta and Mr. Vivek Mehra.

Invitee

Mr. Hari S. Bhartia, Co-Chairman and Managing Director and Mr. R Sankaraiah, Executive Director-Finance are permanent invitees to the Nomination, Remuneration and Compensation Committee meetings.

(iii) Meetings, Quorum and Attendance

During the year, the Committee met four times i.e. on May 23, 2017, July 18, 2017, October 28, 2017 and January 17, 2018. The quorum for the meetings is two members or one-third of members, whichever is higher.

Attendance details of the members are given in the table below:

Name of the Committee Member	Meetings Held During Tenure	Meetings Attended
Ms. Sudha Pillai, Chairperson	4	4
Mr. Shyam S Bhartia	4	4
Mr. S Sridhar	4	4
Mr. Sushil Kumar Roongta	0	Not Applicable
Mr. Vivek Mehra	0	Not Applicable

Stakeholders Relationship Committee

The Stakeholders Relationship Committee oversees, *inter alia*, redressal of shareholder and investor grievances, transfer/ transmission of shares, issue of duplicate share certificates, dematerialisation/ rematerialisation of shares and related matters in accordance with the provisions of the Act and Regulation 20 read with Part D of Schedule II to the Listing Regulations. The Committee meets as often as required. Additionally, the Board has authorised the Executive Director-Finance and the Company Secretary to jointly exercise the powers of approving transfer/ transmission of shares. Normally, transfers/ transmissions are approved once in a fortnight.

(i) Terms of Reference

The role of Committee is:

- To address security holders' complaints/ grievances like non-transfer of securities, non-receipt of annual report, non-receipt of dividends, interest, etc.

- To deal with all matters relating to issue of duplicate certificates, transmission of securities, etc.
- To approve transfer of securities as per the powers delegated by the Board and to note transfer of securities approved by the Executive Director-Finance and the Company Secretary
- Any other role as may be prescribed by law from time to time

(ii) Composition

During the year, the Stakeholders Relationship Committee was re-constituted. Mr. Pramod Yadav ceased to be a member and Mr. Rajesh Kumar Srivastava was appointed as member of the Committee effective from January 17, 2018. As on date, the Committee comprises Mr. S Sridhar, Chairman, Mr. Shyam S Bhartia, Dr. Ashok Misra and Mr. Rajesh Kumar Srivastava.

Invitee

Mr. R Sankaraiah, Executive Director-Finance is a permanent invitee to the meetings of the Committee.

Compliance Officer

Mr. Rajiv Shah, Company Secretary and Compliance Officer, officiates as the Secretary to the Committee.

(iii) Meetings, Quorum and Attendance

The Committee meets as frequently as circumstances necessitate. During the year, the Committee met once i.e. on May 23, 2017. The quorum for the meetings is two members or one-third of members, whichever is higher.

Attendance details of the members are given in the table below:

Name of the Committee Member	Meetings Held During Tenure	Meetings Attended
Mr. S Sridhar, Chairman	1	1
Mr. Shyam S Bhartia	1	1
Dr. Ashok Misra	1	1
Mr. Pramod Yadav	1	1
Mr. Rajesh Kumar Srivastava	0	Not Applicable

(iv) Investor Complaints

During the year, the Company received 11 complaints, which were duly resolved to the satisfaction of shareholders. No complaint was pending as on March 31, 2018.

(v) Transfers and Transmissions approved

During the year, the Company received 268 cases representing 169,945 shares of share transfer/

transmission of which, 170 cases representing 93,700 shares were approved and 98 cases representing 76,245 shares were rejected on technical grounds.

The Company had 39,642 shareholders as on March 31, 2018.

Sustainability & CSR Committee

Sustainability & CSR Committee has been constituted to review and oversee the Sustainability and Corporate Social Responsibility ('CSR') initiatives of the Company.

(i) Terms of Reference

The role of Committee is:

i. Sustainability:

- To take all steps and decide all matters relating to triple bottom line indicators viz. Economic, Environmental and Social factors.

ii. CSR:

- To formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company;
- To recommend the amount of expenditure to be incurred on the activities referred to in the CSR Policy and review the same;
- To monitor the CSR Policy including CSR projects/ programmes.

iii. Business Responsibility Policies:

- To review and implement Business Responsibility policies; and

iv. Any other role as may be decided by the Board from time to time.

(ii) Composition

During the year, the Sustainability & CSR Committee was re-constituted. Mr. Pramod Yadav ceased to be a member of the Committee effective from January 17, 2018. Mr. S Sridhar, Mr. Sushil Kumar Roongta, Mr. Priyavrat Bhartia, Mr. Arjun Shanker Bhartia and Mr. Rajesh Kumar Srivastava were appointed as members of the Committee effective from January 17, 2018. As on date, the Committee comprises Dr. Ashok Misra, Chairman, Mr. Shyam S Bhartia, Mr. Hari S Bhartia, Ms. Sudha Pillai, Mr. S Sridhar, Mr. Sushil Kumar Roongta, Mr. Priyavrat Bhartia, Mr. Arjun Shanker Bhartia and Mr. Rajesh Kumar Srivastava.

Invitees

Mr. R Sankaraiah, Executive Director-Finance and Mr. Pramod Yadav, CEO-Pharma are permanent invitees to the meetings of the Committee.

(iii) Meetings, Quorum and Attendance

The Committee meets at least once in every six months. During the year, the Committee met

twice i.e. on May 23, 2017 and October 28, 2017. The quorum for the meetings is two members or one-third of members, whichever is higher.

Attendance details of the members are given in the table below:

Name of the Committee Member	Meetings Held During Tenure	Meetings Attended
Dr. Ashok Misra, Chairman	2	2
Mr. Shyam S Bhartia	2	2
Mr. Hari S Bhartia	2	2
Ms. Sudha Pillai	2	2
Mr. Pramod Yadav	2	2
Mr. S Sridhar	0	Not Applicable
Mr. Sushil Kumar Roongta	0	Not Applicable
Mr. Priyavrat Bhartia	0	Not Applicable
Mr. Arjun Shanker Bhartia	0	Not Applicable
Mr. Rajesh Kumar Srivastava	0	Not Applicable

Capital Issue Committee

The Capital Issue Committee functions according to its terms of reference that define its authority and responsibility which, *inter alia*, include the following:

(i) Terms of Reference

The salient terms of reference of the Committee include deciding about the following with reference to fund raising:

- Type of instruments
- Size of the issue within the overall limit approved by the Board of Directors
- Terms and conditions of the issue / allotment/ conversion
- Appointment of merchant bankers, lawyers, auditors, depositories, printers and various other agencies
- Other consequential actions as may be necessary for implementing the above referred proposal.

(ii) Composition

During the year, the Capital Issue Committee was re-constituted. Mr. Pramod Yadav ceased to be a member of the Committee effective from January 17, 2018. Mr. Priyavrat Bhartia, Mr. Arjun Shanker Bhartia and Mr. Rajesh Kumar Srivastava were appointed as members of the Committee effective from January 17, 2018. As on date, the Committee comprises Mr. Shyam S Bhartia, Chairman,

Mr. Hari S Bhartia, Mr. S Sridhar, Mr. Priyavrat Bhartia, Mr. Arjun Shanker Bhartia and Mr. Rajesh Kumar Srivastava.

Invitee

Mr. R Sankaraiah, Executive Director-Finance is a permanent invitee to the Capital Issue Committee meetings.

(iii) Meetings, Quorum and Attendance

The Committee meets as frequently as circumstances necessitate. During the year, no meeting of the Capital Issue Committee was held. The quorum for the meetings is two members or one-third of members, whichever is higher.

Finance Committee

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

(i) Terms of Reference

- To avail financial assistance from banks, financial institutions, NBFCs, mutual funds, insurance companies or any other lender by way of term loans, working capital loans or any other funding method
- To approve creation of mortgages / charges in favour of lenders
- To give corporate guarantees to banks / financial institutions for financial assistance availed by wholly-owned subsidiaries
- To open, operate, transfer and close accounts with banks/ institutions outside India from time to time

(ii) Composition

During the year, the Finance Committee was re-constituted. Mr. Pramod Yadav ceased to be a member of the Committee effective from January 17, 2018. Mr. Priyavrat Bhartia, Mr. Arjun Shanker Bhartia and Mr. Rajesh Kumar Srivastava were appointed as members of the Committee effective from January 17, 2018. As on date, the Committee comprises Mr. Shyam S Bhartia, Chairman, Mr. Hari S Bhartia, Mr. Priyavrat Bhartia, Mr. Arjun Shanker Bhartia and Mr. Rajesh Kumar Srivastava.

Invitee

Mr. R Sankaraiah, Executive Director-Finance is a permanent invitee to the Finance Committee meetings.

(iii) Meetings, Quorum and Attendance

The Committee meets as frequently as circumstances necessitate. During the year, the Committee met twice i.e. on June 28, 2017 and January 2, 2018. The quorum for the meetings is two members.

Attendance details of the members are given in the table below:

Name of the Committee Member	Meetings Held During Tenure	Meetings Attended
Mr. Shyam S Bhartia, Chairman	2	1
Mr. Hari S Bhartia	2	1
Mr. Pramod Yadav	2	2
Mr. Priyavrat Bhartia	0	Not Applicable
Mr. Arjun Shanker Bhartia	0	Not Applicable
Mr. Rajesh Kumar Srivastava	0	Not Applicable

Fund Raising Committee

The Fund Raising Committee functions according to its terms of reference that define its authority and responsibility which, *inter alia*, include the following:

(i) Terms of Reference

The Committee is authorised to take all steps and decide all matters to explore the options and opportunities for raising money by listing the Pharma business and to finalise and execute the consolidation, reorganisation and listing of the Pharma business and to give loans to, make investments in and provide guarantee/ security to wholly-owned subsidiaries or any other person/body corporate.

(ii) Composition

During the year, the Fund Raising Committee was re-constituted. Mr. Priyavrat Bhartia and Mr. Arjun Shanker Bhartia were appointed as members of the Committee effective from January 17, 2018. As on date, the Committee comprises Mr. Shyam S Bhartia, Chairman, Mr. Hari S Bhartia, Mr. Priyavrat Bhartia and Mr. Arjun Shanker Bhartia.

Invitee

Mr. R Sankaraiah, Executive Director-Finance is a permanent invitee to the meetings of the Committee.

(iii) Meetings and Attendance

The Committee meets as frequently as circumstances necessitate. During the year, the Committee met once i.e. on October 28, 2017.

Attendance details of the members are given in the table below:

Name of the Committee Member	Meetings Held During Tenure	Meetings Attended
Mr. Shyam S Bhartia, Chairman	1	1
Mr. Hari S Bhartia	1	1
Mr. Priyavrat Bhartia	0	Not Applicable
Mr. Arjun Shanker Bhartia	0	Not Applicable

D) PERFORMANCE EVALUATION AND ITS CRITERIA

Pursuant to the provisions of the Act, the Listing Regulations and the Performance Evaluation Policy of the Company, the Board has carried out annual evaluation of its performance, its committees, Chairperson and Directors through structured questionnaire.

Performance of the Board was evaluated by each Director on the parameters such as its role and responsibilities, business risks, contribution to the development of strategy and effective risk management, understanding of operational programmes, availability of quality information in a timely manner, regular evaluation of progress towards strategic goals and operational performance, adoption of good governance practices and adequacy and length of meetings, etc. Independent Directors also carried out evaluation of the Board performance.

Board committees were evaluated by the respective committee members on the parameters such as its role and responsibilities, effectiveness of the committee vis-a-vis assigned role, appropriateness of committee composition, timely receipt of information by the committee, effectiveness of communication by the committee with the Board, Senior Management and Key Managerial Personnel.

Performance of the Chairperson was evaluated by the Independent Directors on the parameters such as demonstration of effective leadership, contribution to the Board's work, communication with the Board, use of time and overall efficiency of Board meetings, quality of discussions at the Board meetings, process for settling Board agenda, etc.

Directors were evaluated individually by the Board of Directors (excepting the Director himself) on the parameters such as his/ her preparedness at the Board meetings, attendance at the Board meetings, devotion of time and efforts to understand the Company and its business, quality of contribution at the Board meetings, application of knowledge and experience while considering the strategy, effectiveness of follow-up in the areas of concern, communication with Board members, Senior Management and Key Managerial Personnel, etc. Nomination, Remuneration and Compensation Committee also carried out the performance evaluation of the individual Directors. Also, the performance evaluation of the Non Independent Directors was carried out by the Independent Directors.

Outcome of the evaluation was submitted to the Chairman of the Company. The Chairman briefed the outcome of the performance evaluation to the Board.

E) REMUNERATION OF DIRECTORS

The details of remuneration paid to Executive and Non-Executive Directors during the Financial Year 2017-18 are given below:

(i) Remuneration to Managing/ Whole-Time Directors

(Amount in ₹)

Sr. No.	Particulars	Mr. Hari S Bhartia, Co-Chairman and Managing Director	Mr. Pramod Yadav, Whole-time Director	Mr. Rajesh Kumar Srivastava, Whole-time Director
1	Salary	27,000,000	8,809,794	2,670,292
2	Commission Payable (as a % of profit)	45,000,000	-	-
3	House Rent Allowance	-	5,285,876	1,602,175
4	Contribution to Provident Fund	3,240,000	1,057,175	3,20,435
5	Gratuity	-	-	-
6	Leave Encashment	-	-	-
7	Perquisite Value of Stock Options	-	-	-
8	Allowances/ Perquisites	58,678,238	13,577,850	1,466,172
Total		133,918,238	28,730,695	6,059,074

Notes:

- Mr. Pramod Yadav resigned from the Board effective from January 17, 2018 on his appointment as Director and CEO of Jubilant Pharma Limited, a wholly-owned subsidiary of the Company.
- Mr. Rajesh Kumar Srivastava has been appointed as Whole-time Director effective from January 17, 2018.
- Perquisites have been taken at actual value/ in accordance with the Income Tax Rules prescribed under the Income Tax Act, 1961.

Service Contracts, Notice Period and Severance Fees

Appointments of Managing Director and Whole-time Director are contractual. Appointment of Whole-time Director is terminable on 3 months' notice or by payment of Basic Salary in lieu thereof. No severance fee is payable to Managing Director and Whole-time Director.

(ii) Remuneration to Non-Executive Directors

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

Details of commission and sitting fees of the Non-Executive Directors for the year ended March 31, 2018 are given in the table below:

Name of Director	Sitting Fees (₹)	Commission Payable (₹)	Total (₹)
Mr. Shyam S Bhartia	-	-	-
Mr. S Sridhar	540,000	1,000,000	1,540,000
Ms. Sudha Pillai	555,000	1,000,000	1,555,000
Dr. Ashok Misra	395,000	1,000,000	1,395,000
Mr. Sushil Kumar Roongta	250,000	857,535	1,107,535
Mr. Vivek Mehra	250,000	857,535	1,107,535
Mr. Priyavrat Bhartia	-	-	-
Mr. Arjun Shanker Bhartia	-	-	-
Total	1,990,000	4,715,070	6,705,070

Note: Mr. Shyam S Bhartia, Chairman, Mr. Priyavrat Bhartia and Mr. Arjun Shanker Bhartia, Directors have opted not to take commission and sitting fees for the Financial Year 2017-18.

Details of Equity Shares/ Stock Options held by the Non-Executive Directors in the Company as on March 31, 2018 are given in the table below:

Name of Director	No. of Equity Shares of ₹ 1 held	No. of Options under Plan 2005	No. of Options under Plan 2011
Mr. Shyam S Bhartia	1,399,935	Nil	Nil
Mr. S Sridhar	Nil	Nil	Nil
Ms. Sudha Pillai	Nil	Nil	Nil
Dr. Ashok Misra	Nil	Nil	Nil
Mr. Sushil Kumar Roongta	Nil	Nil	Nil
Mr. Vivek Mehra	Nil	Nil	Nil
Mr. Priyavrat Bhartia	3,085	Nil	Nil
Mr. Arjun Shanker Bhartia	Nil	Nil	Nil

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

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
2014-15 (37 th AGM)	September 1, 2015	11:30 a.m.	Registered Office: Bhartiagram, Gajraula, District Amroha – 244 223, U.P.
2015-16 (38 th AGM)	August 30, 2016		
2016-17 (39 th AGM)	August 29, 2017		

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

Meeting	Subject Matter of Special Resolutions Passed
37 th AGM	Nil
38 th AGM	Re-appointment of Mr. Hari S Bhartia as Co-Chairman and Managing Director for a period of 5 years effective from April 1, 2017.
39 th AGM	Appointment of Mr. Pramod Yadav as Whole-time Director for a period of 2 years effective from April 1, 2017.

(ii) Special Resolutions passed through Postal Ballot in Financial Year 2017-18

No Special Resolution has been passed through Postal Ballot during the Financial Year 2017-18.

(iii) Whether any Special Resolution is proposed to be passed through Postal Ballot

Special Resolution(s) as may be necessary under the Act and/ or the Listing Regulations would be passed through Postal Ballot.

(iv) Procedure for Postal Ballot

- The notices containing the proposed resolutions and explanatory statement are sent to the shareholders at the addresses registered with the Company along with a Postal Ballot Form and a postage pre-paid envelope containing the address of the Scrutinizer appointed by the Board for carrying out the 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/ Co-Chairman of the Company or a person authorised by them, who on the basis of the report, announces the results; and
- The Company has entered into an agreement with National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL') for providing e-voting facility to its shareholders. Under this facility, shareholders are provided an electronic platform to participate and vote on the resolutions to be passed through Postal Ballot.

G) CODES AND POLICIES

The Company has established a robust framework of Codes and Policies that facilitates and reflects adoption of good governance practices. The salient Codes and Policies adopted by the Company are mentioned below:

i. Code of Conduct for Directors and Senior Management

The Company has formulated and implemented a Code of Conduct for the Board members and Senior Management. Requisite annual affirmations of compliance with the Code have been received from the Directors and Senior Management of the Company. A declaration to this effect signed by Mr. Hari S Bhartia, Co-Chairman & Managing Director is enclosed as **Annexure-A**. The Code of Conduct is posted on the Company's website www.jubl.com.

ii. Code of Conduct for Prevention of Insider Trading

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities of the Company by the Designated Persons. Dealing in the shares of the Company by the Designated Persons is effectively monitored for ensuring compliance with the Code.

Report on dealing in the shares of the Company by the Designated Persons is placed before the Chairman of the Audit Committee and the Board.

iii. Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information

The Company has adopted a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information with a view to facilitate prompt, uniform and universal dissemination of unpublished price sensitive information. The Code is posted on the Company's website www.jubl.com.

iv. Policy for Determining Materiality of Events and Information

The Company has adopted the Policy for Determining Materiality of Events and Information. This policy aims to ensure timely and adequate disclosure of all material and price sensitive information to the Stock Exchanges. The Policy is displayed on the Company's website www.jubl.com.

v. Whistle Blower Policy

During the year, the Company has revised the Policy to make the process more robust. Jubilant has a robust Whistle Blower Policy and Ombudsman Process to make the workplace at Jubilant conducive to open communication regarding business practices. It enables the Directors and full time employees to voice their concerns or disclose or report fraud, unethical behaviour, violation of the Code of Conduct, questionable accounting practices, grave misconduct, etc. without fear of retaliation/ unlawful victimization/ discrimination which is a sine qua non for an ethical organization.

The Whistle Blower Policy has been posted on the Company's website www.jubl.com. The Audit Committee periodically reviews the functioning of the Policy and Ombudsman Process. During the year, no Director or full time employee was denied access to the Chairman of the Audit Committee.

vi. Appointment and Remuneration Policy

The Company has a Policy on appointment and remuneration of Directors, Key Managerial Personnel ('KMP') and Senior Management / other employees ('Employees') of the Company. The Policy aims to ensure that the persons appointed as Directors, KMP and Employees possess requisite qualifications, experience, expertise and attributes commensurate to their positions and level and that the composition of remuneration to such persons is fair and reasonable and sufficient to attract, retain and motivate the personnel to manage the Company successfully. The Policy contains, *inter alia*, provisions pertaining to qualification, attributes and process of their appointment and removal as well as components of remuneration. The Policy is displayed on the Company's website

and the web-link for the same is: <http://www.jubl.com/investors/corporate-governance/policies-and-codes/appointment-and-remuneration-policy>.

vii. 'Policy for Determining Material Subsidiaries' is displayed on the Company's website. The web-link for the same is: <http://www.jubl.com/investors/corporate-governance/policies-and-codes/policy-for-determining-material-subsidiaries>. Jubilant Generics Limited is the material unlisted Indian subsidiary company.

viii. 'Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions' is displayed on the Company's website. The web-link for the same is: <http://www.jubl.com/investors/corporate-governance/policies-and-codes/policy-on-rpts>.

ix. Dividend Distribution Policy

The Company has formulated and implemented the Dividend Distribution Policy in accordance with the Listing Regulations. The Policy has been posted on the Company's website www.jubl.com and is given as **Annexure-B**.

x. Policy for Preservation of Documents

The Company has a Policy for Preservation of Documents. The Policy facilitates preservation of documents in compliance with the laws applicable to various functions and departments of the Company.

xi. Archival Policy

The Company has an Archival Policy that lays down the process and manner of archiving the disclosures made to the Stock Exchanges under the Listing Regulations. The Policy provides that such disclosures shall be hosted on the website of the Company for a period of five years from the date of disclosure to the Stock Exchanges. The Policy also lays down the manner of archiving these disclosures after the period of 5 years. The Policy has been posted on the Company's website www.jubl.com.

xii. 'Corporate Social Responsibility Policy' is displayed on the Company's website www.jubl.com.

xiii. Policy on Board Diversity.

xiv. Succession Plan for Board Members and Senior Management.

xv. Performance Evaluation Policy.

xvi. Code of Conduct for Employees.

xvii. Policy for Prevention of Sexual Harassment.

H) DISCLOSURES

(i) There are no materially significant transactions with the related parties viz. promoters, directors, their relatives or the management, subsidiaries, etc. that may have a potential conflict with the

interests of the Company at large. Related Party Transactions are given at Note No. 37 to the Standalone Financial Statements;

(ii) Securities and Exchange Board of India ('SEBI') has, by Adjudication Order dated January 31, 2018, (the 'Adjudication Order') imposed a penalty of ₹ 1,000,000 each on the Company and Mr. Shyam S Bhartia, Chairman, Mr. Hari S Bhartia, Co-chairman and Managing Director and Jubilant Stock Holding Private Limited, a promoter group entity (collectively referred to as 'Promoter Group') as well as Mr. Amit Arora, an ex-employee of the Company (who is now employed with a group company).

The Adjudication Order states that the Company had violated the applicable provisions of the erstwhile Listing Agreement by making delayed disclosures to the stock exchanges in respect of material price sensitive information of certain events.

In terms of the Adjudication Order, SEBI has imposed penalty on the Promoter Group for purchasing equity shares of the Company while they were in possession of certain unpublished price sensitive information. Similarly, penalty has been imposed on the ex-employee for selling and purchasing equity shares of the Company while in possession of unpublished price sensitive information.

The Company, the Promoter Group and the ex-employee have filed appeals against the Adjudication Order on April 24, 2018 before the Securities Appellate Tribunal, Mumbai.

No other penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter relating to capital markets during the last 3 years.

(iii) Listing fees for the Financial Year 2018-19 have been paid to the Stock Exchanges on which securities of the Company are listed;

(iv) Detailed note on risk management is included in the Management Discussion and Analysis section.

(v) Commodity Price Risks/ Foreign Exchange Risk and Hedging Activities: Commodity price volatility affects both input as well as output of Life Science Ingredients ('LSI') business of the Company. However, by ensuring that a significant part of LSI product portfolio is of speciality chemicals, the cascading effect of commodity prices to the output is limited only to the Life Science Chemicals ('LSC') business. Within LSC business, the cascading effect of input commodity prices is transferred to a greater extent to the customers, thereby mitigating the risk to profitability of the business. Pharma business of the Company is not commodity dependent.

The Company follows a structured risk management approach and reviews it dynamically to align it with developments in the external

environment and business requirements. The Company uses various instruments like forward contracts, currency and interest rate swaps, etc. to hedge its currency exposures. Also, if the currency environment is benign, the Company takes a proactive approach by following the natural hedging approach.

- (vi) The Company has complied with the requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

I) MEANS OF COMMUNICATION

- (i) The quarterly results are regularly submitted to the Stock Exchanges and are normally published in leading business newspapers of the country like 'Mint'/'Financial Express' and regional newspapers like 'Hindustan' in compliance with the Listing Regulations.
- (ii) The official news releases, including the 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 www.jubl.com keep the investors updated on material developments of the Company by providing key and timely information like details of Directors, financial information, press releases, presentations, stock information, etc.
- (iv) Regular communications are sent to shareholders including e-mailing of quarterly results and press release just after release to the Stock Exchanges, e-mailing of Annual Reports and Corporate Sustainability Reports.
- (v) Regular and online feedback is obtained from the shareholders regarding satisfaction for shareholder services.
- (vi) The Company works towards excellence in stakeholder communication. It believes in sharing all material information that may directly or indirectly affect the financial and operational performance of the Company and consequently the share price.

A detailed docket on the financials and business highlights is released to the stock exchanges after the Board approves the results every quarter. We host 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. We conducted 4 conference calls during the year 2017-18, wherein over 100 participants from leading brokerage houses, foreign and domestic institutional investors, banks, insurance and portfolio management companies and rating agencies, besides media

and others logged into the conference each time to listen to the management's discussion and analysis. Transcripts of the conference calls are also made available on the Company's website. The Company, as a process, disseminates material information on specific business updates through business or press releases, as is appropriate.

J) GENERAL SHAREHOLDER INFORMATION

(i) Date, time and venue of 40th Annual General Meeting

As per the notice of 40th Annual General Meeting.

(ii) Financial Year and Financial Calendar

The Company observes April 1 to March 31 as its Financial Year. The Financial Calendar for the year 2018-19 is as follows:

Item	Tentative Dates*
First Quarter Results	Friday, July 27, 2018
Second Quarter Results	Monday, October 22, 2018
Third Quarter Results	Friday, February 1, 2019
Audited Annual Results for the year	Friday, May 17, 2019

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

(iii) Book Closure & Dividend Payment Dates

As per the Notice convening the 40th Annual General Meeting. The Dividend, if declared, will be paid within 30 days from the date of the Annual General Meeting.

(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:

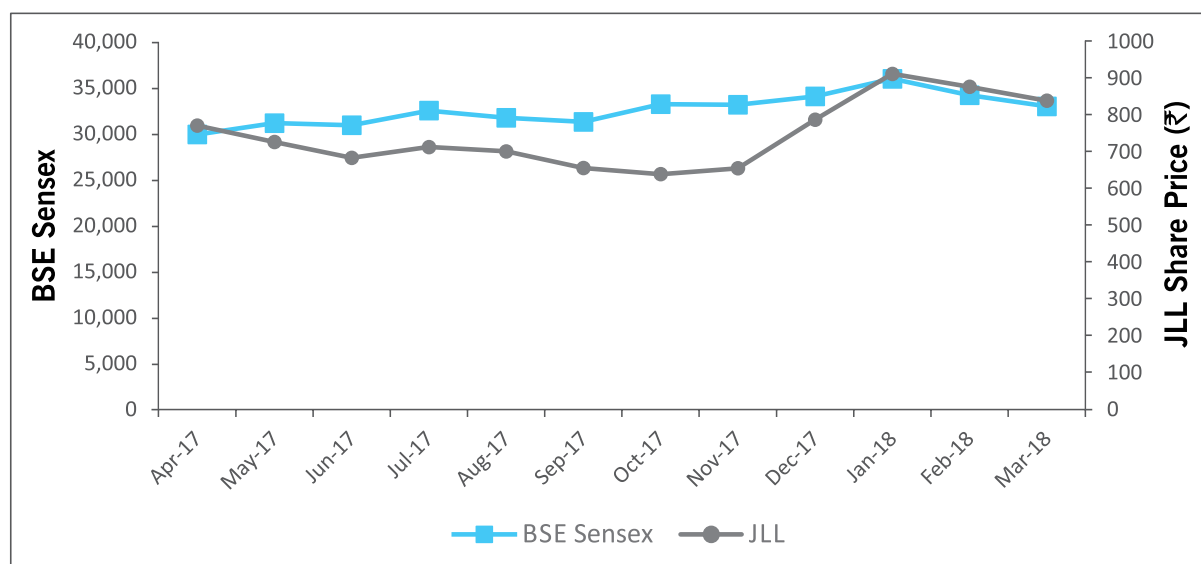
Sr. No.	Name and Address of the Stock Exchange	Security Listed	Stock Code
1.	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	Equity Shares	530019
2.	National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051	Equity Shares Non-Convertible Debentures	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 the year 2017-18 is given hereunder:

(Amount in ₹)

Month	BSE Limited		National Stock Exchange of India Limited	
	High	Low	High	Low
Apr-17	879.10	761.00	878.00	760.00
May-17	797.95	660.35	799.00	660.00
Jun-17	768.50	661.00	769.00	658.50
Jul-17	777.00	682.55	777.00	681.25
Aug-17	736.00	622.30	736.00	620.60
Sep-17	723.55	638.00	723.10	638.00
Oct-17	690.00	600.00	691.80	600.00
Nov-17	682.00	603.00	682.65	603.25
Dec-17	808.40	661.20	809.55	660.00
Jan-18	974.50	755.00	974.00	752.30
Feb-18	1039.00	732.00	1039.00	845.00
Mar-18	885.00	781.20	884.25	780.00

(vi) Performance of the Company's Equity Shares vis-a-vis BSE Sensex during 2017-18

The above graph is based on the monthly closing prices of equity shares of the Company on BSE 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 Limited upon merger with the Company	256,522	5,417,502	10
1999-2000	Issued to shareholders of Anichem India Limited and Enpro Speciality Chemicals Limited upon merger with the Company	839,897	6,257,399	10

Year	Particulars	Increase in Number of Shares	Cumulative Number of Shares	Face Value (₹)/ Per Share
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 and Vam Investments Limited	-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 Limited 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 ₹ 215 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 2, 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	-	-	1,271.86	10

Market Value of 25,437.20 Equity Shares of JLL as at the end of Financial Year 2017-18 @ ₹ 839.45 per share is ₹ 21,353,257 and Market Value of 1,271.86 Equity Shares of JIL as at the end of Financial Year 2017-18 @ ₹ 169.20 per share is ₹ 215,199 resulting in an aggregate of ₹ 21,568,456. Thus, the shareholder has multiplied his wealth over 215 times in 17 years, implying a Compounded Annual Growth Rate of 37% approximately. In addition, he has got handsome dividends.

(Note: JLL means Jubilant Life Sciences Limited and JIL means Jubilant Industries Limited)

(ix) Compliance Officer

Mr. Rajiv Shah, Company Secretary, is the Compliance Officer. 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 securities related matters, investors are requested to correspond with the Company's Registrar and Transfer Agents - Alankit Assignments Limited quoting their Folio No. / DP ID & Client ID at the following address:

Alankit Assignments Limited (Unit: Jubilant Life Sciences Limited), Alankit Heights, 3E/7 Jhandewalan Extension, New Delhi-110055; Tel: +91-11-23541234, 42541234; E-mail: rta@alankit.com.

(xi) Share Transfer System

Stakeholders Relationship Committee is authorised to approve transfers of shares. Share transfers which are received in physical form, are processed and share certificates are 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

The Company offers online facility of shareholders' satisfaction survey to assess the shareholders' satisfaction level for the investor services rendered by the Company during the year. The shareholders can submit their feedback for investor services on the following parameters by accessing the web-link: <http://www.jubl.com/investors/investor-feedback-form>

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

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

- Outstanding
- Very Good
- Good
- Poor

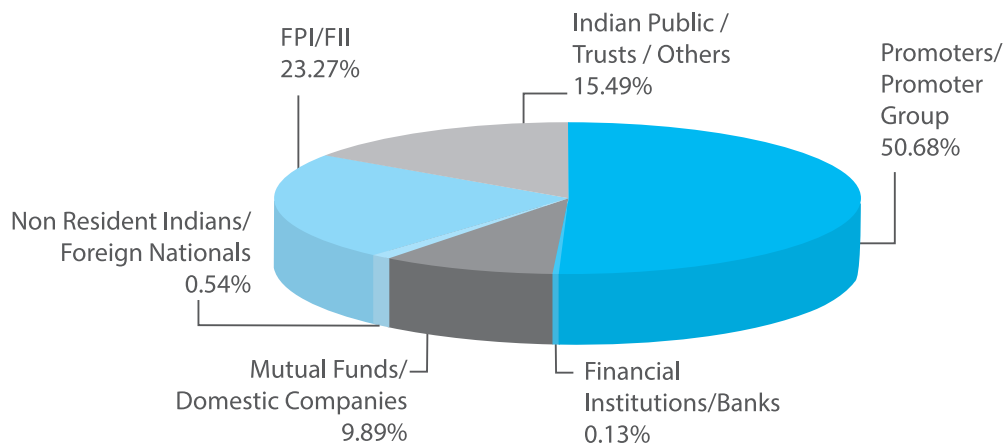
(xiii) Distribution of Shareholding as on March 31, 2018**(a) Value wise**

Shareholding of Nominal Value in ₹	Shareholders		Shareholding	
	Number	% of Total	Number	% of Total
Upto 5000	38,972	98.31	10,858,758	6.82
5001 to 10000	275	0.69	1,987,631	1.25
10001 to 20000	145	0.37	2,043,472	1.28
20001 to 30000	55	0.14	1,385,865	0.87
30001 to 40000	29	0.07	1,013,876	0.64
40001 to 50000	15	0.04	695,587	0.44
50001 to 100000	48	0.12	3,495,290	2.19
100001 and above	103	0.26	137,800,660	86.51
Total	39,642	100.00	159,281,139	100.00

(b) Category wise

Sr. No.	Category	No. of Shares	Shareholding as a Percentage of Total Number of Shares
A	Promoters & Promoter Group	80,717,056	50.68
B	Public Shareholding:		
	1. Financial Institutions/ Banks	201,729	0.13
	2. Mutual Funds/ Domestic Companies	15,759,871	9.89
	3. Non Resident Indians/ Foreign Nationals	855,681	0.54
	4. FPI / FII	37,068,551	23.27
	5. Indian Public/ Trusts/ Others	24,678,251	15.49
	Grand Total	159,281,139	100.00

Graphic depiction of the shareholding:



(xiv) Unclaimed Dividends

Dividends pertaining to the financial years upto and including 1993-94, remaining unpaid/ unclaimed, have been transferred to the General Revenue Account of the Central Government. Shareholders having valid claims of unpaid/ unclaimed dividend for any of these financial years may approach the Registrar of Companies, Uttar Pradesh and Uttarakhand, Kanpur or authority to be constituted by the Central Government.

Dividends pertaining to the financial years 1994-95 to 2009-10 remaining unpaid and shares pertaining to unpaid dividend of the financial years 2008-09 and 2009-10, have been transferred to the Investor Education and Protection Fund (the 'Fund').

In respect of unpaid/ unclaimed dividends for the Financial Year 2010-11 onwards, the shareholders are requested to write to the Registrar and Transfer Agent. Dividends remaining unclaimed for seven years from the date of transfer to the unpaid dividend account shall be transferred alongwith the underlying shares to the Fund.

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

Financial Year	Date of Dividend Declaration	Due Date for Transfer to the Fund
2010-11	August 23, 2011	September 23, 2018
2011-12	August 28, 2012	September 29, 2019
2012-13	August 27, 2013	September 30, 2020
2013-14	September 2, 2014	October 4, 2021
2014-15	September 1, 2015	October 3, 2022
2015-16	August 30, 2016	October 1, 2023
2016-17	August 29, 2017	October 5, 2024

(xv) Compliance Certificate of Practicing Company Secretary

The Company has obtained a certificate from a Practicing Company Secretary, Mr. Tanuj Vohra, Partner, TVA & Co. LLP, Company Secretaries, confirming compliance with the conditions of Corporate Governance as stipulated in Schedule V (E) of the Listing Regulations. The Certificate is attached as **Annexure-C**.

(xvi) (a) Dematerialisation of Shares

The equity 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 NSDL and CDSL for dematerialization connectivity. As on March 31, 2018, 158,186,691 Equity Shares of the Company (99.31% of the Paid-up capital) were in dematerialised form.

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's equity 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 and are in the category of Group A scrips on the Bombay Stock Exchange.

(xvii) Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, Conversion Date and Likely Impact on Equity

(a) As on March 31, 2018, no FCCBs / GDRs / ADRs / Warrants or convertible instruments were outstanding.

(b) Paid-up Share Capital

The Paid-up Share Capital as at March 31, 2018 stands at ₹ 159,281,139 comprising of 159,281,139 equity shares of ₹ 1 each, the same as in previous year.

(xviii) Location of the Manufacturing Facilities

Uttar Pradesh	Gujarat
Bhartiagram, Gajraula, District Amroha – 244 223	1 Block 133, Village Samlaya, Taluka Savli, District Vadodara – 391 520
	2 Plot No. P1-L1 (Plot No. 5 of Jubilant SEZ), Vilayat GIDC, Taluka Vagra, District Bharuch - 392 012
	3 P1-L13 to L16, Plot No. 5, Vilayat GIDC, Taluka Vagra, District Bharuch - 392 012
Maharashtra	
1	Village Nimbut, Railway Station Nira, Taluka - Baramati, District Pune - 412 102
2	B-34, Vadolgaon, MIDC, Behind Reliance Petrol Pump, Ambernath(W) - 421 501, District Thane
3	N-34, MIDC Anand Nagar, Addl. Ambernath, Ambernath(E) - 421 506, District Thane

(xix) R&D Centre

Bhartiagram, Gajraula, District Amroha - 244 223, Uttar Pradesh

(xx) Address for Correspondence

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

(xxi) Corporate Identification Number (CIN)

L24116UP1978PLC004624

(xxii) Equity Shares in Suspense Account

Pursuant to Clause 5A of the erstwhile Listing Agreement (corresponding to Schedule VI to the Listing Regulations), shareholders holding physical shares and not having claimed share certificates were sent three reminder letters to claim their equity shares. In terms of the aforesaid clause, equity shares which remained unclaimed were transferred during 2012 to JLL Unclaimed Suspense Account. Details required under Schedule V (F) of the Listing Regulations are given in the table below:

Particulars	Number of Shareholders	Number of Equity Shares
Aggregate number of shareholders and outstanding shares in the Unclaimed Suspense Account lying as on April 1, 2017	4,488	2,426,960
Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during 2017-18	93	74,205
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during 2017-18	93	74,205
Number of shares transferred to the Investors Education and Protection Fund during 2017-18	1,604	760,865
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on March 31, 2018	2,806	1,591,890

Note: Of the 93 shareholders who approached the Company during the year, 15 shareholders have lodged claim for part of their shareholding.

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

(xxiii) Pursuant to the provisions of Regulation 53 of the Listing Regulations, the details of Debenture Trustee are:

Name	Vistra ITCL (India) Limited
Address	The IL&FS Financial Centre Plot No. C-22, G Block, 7th Floor, Bandra Kurla Complex, Bandra (East), Mumbai - 400051, Maharashtra
Telephone Number	+91-22-26593535
Fax Number	+91-22-26533297
Email ID	amit.joshi@vistra.com

K) COMPLIANCE WITH THE REGULATIONS RELATED TO CORPORATE GOVERNANCE IN THE LISTING REGULATIONS

(a) Mandatory Requirements

The Company has complied with the mandatory requirements relating to Corporate Governance as prescribed in the Listing Regulations.

(b) Extent to which Non-Mandatory requirements have been adopted

The status of adoption of non-mandatory requirements as specified in Regulation 27(1) read with Part E of Schedule II of the Listing Regulations is given below:

1. The Board

– Non-Executive Chairman's Office

The Chairman is Non-Executive Promoter Director.

2. Shareholders' Rights

Quarterly and year to date results along with press releases are sent to those shareholders whose e-mail addresses are available with the Company.

3. Modified opinion(s) in the audit reports

Audit Reports on the Financial Statements of the Company do not contain any modified opinion.

4. Separate posts of Chairman and Managing Director/CEO

The Co-Chairman is the Managing Director of the Company.

5. Reporting of Internal Auditors

Internal Auditors report to the Audit Committee.

(c) CEO/CFO Certification

In compliance with Regulation 17(8) read with Schedule II (B) of the Listing Regulations, a declaration by CEO i.e. the Co-Chairman & Managing Director and CFO i.e. the Executive Director-Finance, is enclosed as **Annexure-D** which, *inter alia*, certifies to the Board about accuracy of the financial statements and adequacy of internal controls for the financial reporting purpose.

For and on behalf of the Board

Shyam S Bhartia

Chairman
(DIN: 00010484)

Place: Noida

Date: May 9, 2018

Hari S Bhartia

Co-Chairman & Managing Director
(DIN: 00010499)

TO WHOMSOEVER IT MAY CONCERN

This is to confirm that all the Board members and senior management personnel have affirmed compliance with the Code of Conduct for Directors and Senior Management of the Company for the year ended March 31, 2018.

For **Jubilant Life Sciences Limited**

Place: Noida
Date: May 9, 2018

Hari S Bhartia
Co-Chairman & Managing Director

DIVIDEND DISTRIBUTION POLICY**PURPOSE**

In compliance with the provisions of the Companies Act, 2013 and rules made thereunder (the 'Act') and Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations'), as amended from time to time, this Policy provides guidance for declaration of dividend and its pay-out by the Company. The Board of Directors (the 'Board') will consider the Policy while declaring / recommending dividend on behalf of the Company. The Policy is not an alternative to the decision of the Board for recommending / declaring dividend, which takes into consideration all the relevant circumstances enumerated hereunder or other factors as may be decided by the Board.

CONCEPT OF DIVIDEND

Dividend is the share of the profit that a company decides to distribute among its shareholders. The profits earned by the company can either be retained in the business or can be distributed among the shareholders as dividend.

TYPES OF DIVIDEND

The Act deals with two types of dividend - Interim and Final.

- Interim Dividend

Interim dividend is the dividend declared by the Board between two Annual General Meetings as and when considered appropriate. The Board shall have the absolute power to declare interim dividend during the financial year, as and when deemed fit. The Act authorises the Board to declare interim dividend during any financial year out of the profits for the financial year in which the dividend is sought to be declared and/or out of the surplus in the profit and loss account.

Normally, the Board could consider declaring an interim dividend after finalization of quarterly (or half yearly) financial statements.

- Final Dividend

Final dividend is recommended for the financial year at the time of approval of the annual financial statements. The Board shall have the power to recommend final dividend to the shareholders for their approval at the Annual General Meeting of the Company.

DECLARATION OF DIVIDEND

Subject to the provisions of the Act, dividend shall be declared and paid out of:

- Profits of the Company for the year for which the dividend is to be paid after setting off carried over previous losses and depreciation not provided in the previous year(s);
- Undistributed profits of the previous financial years after providing for depreciation in accordance with law and remaining undistributed.
- Out of A and B both.

Before declaration of dividend, the Company may transfer a portion of its profits to reserves of the Company as may be considered appropriate by the Board at its discretion.

In the event of inadequacy or absence of profits in any financial year, a company may declare dividend out of free reserves subject to the compliance with the Act.

FACTORS GOVERNING DECLARATION OF DIVIDEND

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business.

The circumstances for dividend pay-out decision depends on various external and internal factors:

- **External Factors:**

The Board shall consider various external factors while declaring dividend including the following:

- o Economic Scenario - The Board shall endeavour to retain a larger portion of profits to build up reserves, in case of adverse economic scenario.
- o Competitive / Market Scenario - The Board shall evaluate the market trends in terms of technological changes mandating investments, competition impacting profits, etc., which may require the Company to conserve resources.
- o Regulatory Restrictions / Obligations - In order to ensure compliance with the applicable laws, the Board shall consider the restrictions, if any, imposed by the Act and other applicable laws with regard to declaration of dividend.

Statutory obligations under the Companies Act, 2013 to transfer a certain portion of profits to any specific reserve such as Debenture Redemption Reserve, Capital Redemption Reserve, etc. may impact the decision with regard to dividend declaration.

Dividend distribution tax or any tax deduction at source as required by tax regulations in India, applicable at the time of declaration of dividend may impact the decision with regard to dividend declaration.

- o Agreements with Lenders / Debenture Trustees - The decision of dividend pay-out may also be affected by the restrictions and covenants contained in the agreements entered into with the lenders or Debenture Trustees of the Company from time to time.
- o Other Factors - Other factors beyond control of the Management like natural calamities, fire, etc. effecting operations of the Company may impact the decision with regard to dividend declaration.

- **Internal Factors:**

The Board shall consider internal factors while declaring dividend including the following:

- o Profitability;
- o Availability and Liquidity of Funds;
- o Capex needs for the existing businesses;
- o Mergers and Acquisitions;
- o Expansion / Modernization of the business;
- o Additional investments in subsidiaries/associates of the Company;
- o Cost of raising funds from alternate sources;
- o Cost of servicing outstanding debts;
- o Funds for meeting contingent liabilities;
- o Any other factor as deemed appropriate by the Board.

FINANCIAL PARAMETERS FOR DECLARING DIVIDEND

The Company is committed to deliver sustainable value to its stakeholders. The Company shall strive to distribute an optimal and appropriate level of the profits among the shareholders in the form of dividend.

To keep investment attractive and to ensure capital appreciation for the shareholders, the Company shall also endeavour to provide consistent return over a period of time. While deciding on the dividend, micro and macro economic parameters for the country in general and the Company in particular shall also be considered.

Taking into consideration the aforementioned factors, the Board shall endeavour to maintain a dividend pay-out.

UTILISATION OF RETAINED EARNINGS

Subject to the provisions of the Act and other applicable laws, retained earnings may be utilised as under:

- o Issue of fully paid-up bonus shares;

- o Declaration of dividend - Interim or Final;
- o Augmenting internal resources;
- o Funding for Capex / expansion plans / acquisition;
- o Repayment of debt;
- o Any other permitted use as may be decided by the Board.

PARAMETERS FOR VARIOUS CLASSES OF SHARES

Currently, the Company has only one class of shares - Equity Shares. There is no privilege amongst Equity shareholders of the Company with respect to dividend distribution.

CIRCUMSTANCES IMPACTING DIVIDEND PAYMENT

The Company has been paying dividend to its shareholders over the last three decades and shall endeavour to continue with the dividend payment.

Given below are some of the circumstances in which shareholders of the Company may or may not expect dividend pay-out:

May expect dividend:

- o Adequate profits and liquidity;
- o Accumulated profits not warranted for immediate business needs.

May not expect dividend:

- o Non availability of profits for dividend distribution;
- o Funds available for dividend but need to be conserved due to:
 - Business needs;
 - Adverse economic /market scenario expected in near future;
 - Augmenting internal resources.

DISCLOSURE

This Dividend Distribution Policy shall be disclosed in the Annual Report of the Company and on the Company's website www.jubl.com.

If the Company proposes to declare dividend on the basis of any additional parameters apart from those mentioned in the Policy or proposes to change the parameters contained in this Policy, it shall disclose such changes along with the rationale for the same in the Annual Report and on the website.

EFFECTIVE DATE

This Policy shall be effective and applicable for dividend, if any, declared for the Financial Year 2016-17 onwards.

REVIEW / AMENDMENT

The Board may amend, abrogate, modify or revise any or all provisions of this Policy. However, amendments in the Act or in the Listing Regulations shall be binding even if not incorporated in this Policy.

Annexure-C

CERTIFICATE BY PRACTICING COMPANY SECRETARY ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE AS PER SCHEDULE V (E) OF THE LISTING REGULATIONS

To,

**The Members of
JUBILANT LIFE SCIENCES LIMITED
CIN: L24116UP1978PLC004624**

1. We have examined the compliance of the conditions of Corporate Governance by Jubilant Life Sciences Limited (the 'Company') for the Financial Year ended March 31, 2018, as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to the review of the 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.
3. In our opinion and to the best of our information and according to the explanations given to us and the representation made by the directors and the management, we certify that the Company has complied with the mandatory conditions of Corporate Governance as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
4. 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.

**TVA & Co. LLP
Company Secretaries**

Delhi, May 9, 2018

**Tanuj Vohra
Partner
M. No.: F5621, C.P. No.: 5253**

Annexure-D

CERTIFICATE OF CEO - CFO

This is to certify that:

- A. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2018 and that to the best of our knowledge and belief:
 1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. 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 for financial reporting and that we have evaluated the effectiveness of 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:
 1. significant changes in internal control over financial reporting during the year;
 2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 3. 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**

Place: Noida
Date : May 9, 2018

R Sankaraiah
Executive Director-Finance

Hari S Bhartia
Co-Chairman & Managing Director

Business Responsibility Report

The Directors are pleased to present the Business Responsibility ('BR') Report of the Company for the Financial Year ended March 31, 2018. The Company also publishes annually, a comprehensive Sustainability Report based on the Global Reporting Initiative (GRI) guidelines.

The details on the aspects discussed in this Report are available in the Company's Sustainability Report for the Financial Year 2017-18. The Sustainability Report of the Company is available on the Company's website www.jubl.com.

Commitment to Sustainable and Inclusive Growth

Jubilant's continued focus on sustainability aims at improving stakeholders value through improved eco efficient use of capital and natural resources. Our Promise of Caring, Sharing, Growing is the essence of our activities that are directed towards sustainable growth. Jubilant's approach to sustainable development focuses on the triple bottom line of Economic, Environment and Social performance. We are committed and working on various areas of energy conservation and climate change mitigation. Our sustainability efforts are being reported through Corporate Sustainability Report since 2003 and the Report has been receiving GRI G3.1 A+ level and GRI Check since 2007 from Global Reporting Initiative (GRI). Our Sustainability Report for the Financial Year 2016-17 was prepared in line with the GRI G4 Guidelines in accordance with 'Comprehensive' option and was assured by Ernst & Young LLP and the application level was checked by GRI. The Sustainability Report for the Financial Year 2017-18 is being prepared in accordance with GRI Standards: 'Comprehensive' option. This reflects our commitment towards sustainable development and continued efforts directed towards protecting the environment wherever we operate.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	L24116UP1978PLC004624
2.	Name of the Company	Jubilant Life Sciences Limited
3.	Registered Address	Bhartiagram, Gajraula, District Amroha-244 223, Uttar Pradesh, India
4.	Website	www.jubl.com
5.	E-mail Address	sustainability@jubl.com
6.	Financial Year Reported	2017-18
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Basic Organic Chemicals (2011)
8.	List three key products / services that the Company manufactures / provides (as in balance sheet)	(i) Organic Chemicals including specialty chemicals and its intermediates (ii) Dry and aqueous choline chloride (iii) Feed Premixes
9.	Total number of locations where business activity is undertaken by the Company	
	(a) Number of International Locations (Provide details of major 5)	The Company's businesses and operations are spread across the Country. Details of plant locations of the Company are provided in the section 'General Shareholder Information' in the Corporate Governance Report forming part of the Annual Report.
	(b) Number of National Locations	
10	Markets served by the Company – Local / State / National / International	The Company's products have both National and International presence.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (in ₹)	159.28 Million
2.	Total Turnover (in ₹)	33,430 Million
3.	Total profit after taxes (in ₹)	2,634 Million
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	0.41% (CSR expenses of the Company for the Financial Year 2017-18 were ₹ 10.90 Million)
5.	List of activities in which expenditure in 4 above has been incurred:	<p>(a) Project Arogya & Swasthya Prahari – Improving health indices through innovative services and promoting health seeking behaviour.</p> <p>(b) Project Muskaan – Universalising elementary education and improving quality parameters for primary education through community involvement.</p> <p>(c) Nayee Disha – Enhancing employability through vocational training.</p>

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?

Yes, the Company had 44 Subsidiaries as on March 31, 2018.

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, indicate the number of such subsidiary company(s).

Business Responsibility Report also includes sustainability performance of subsidiaries of the Company which have a significant impact on the sustainability performance of the organisation. The key subsidiary companies of Jubilant Life Sciences covered in the report are as follows:

1. Jubilant Pharma Limited, Singapore
2. Jubilant HollisterStier LLC, Spokane, USA
3. Jubilant DraxImage Inc., Montreal, Canada
4. Jubilant Cadista Pharmaceuticals Inc., Salisbury, USA
5. Jubilant Draximage Radiopharmacies Inc., USA
6. Jubilant Generics Limited, India
7. Jubilant Biosys Limited, India
8. Jubilant Chemsys Limited, India
9. Jubilant Infrastructure Limited, India

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

Jubilant does engage with all its key stakeholders (e.g. suppliers, employees, investors, community, etc.) and take note of their concerns while designing its business strategy. The Company also communicates its business responsibility policies and approaches to the concerned stakeholders from time to time. For example, holding Suppliers' Meet, publication of Annual Suppliers Report, Customer CSR Assessment, etc. The Green Supply Chain Policy is an example of engaging our suppliers in Jubilant's business responsibility journey. The percentage of such stakeholders is < 30%.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

(a) Details of the Director/Directors responsible for implementation of the BR policy/policies

The Board of Directors has assigned implementation of the BR Policies to the Sustainability and CSR Committee of the Board of Directors.

(b) Details of the BR Head:

Name	Mr. Rajesh Kumar Srivastava
Designation	Whole-time Director
Director Identification Number	02215055
Phone Number	+91-120-4361000
Email ID	sustainability@jubl.com

Mr. Rajesh Kumar Srivastava was appointed as BR Head on his appointment as Whole-time Director of the Company effective from January 17, 2018.

2. (a) Principle-wise (as per NVGs) BR Policy/policies

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are as follows:

Principle 1: (P1)	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
Principle 2: (P2)	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
Principle 3: (P3)	Businesses should promote the well-being of all employees
Principle 4: (P4)	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
Principle 5: (P5)	Businesses should respect and promote human rights
Principle 6: (P6)	Businesses should respect, protect and make efforts to restore the environment
Principle 7: (P7)	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
Principle 8: (P8)	Businesses should support inclusive growth and equitable development
Principle 9: (P9)	Businesses should engage with and provide value to their customers and consumers in a responsible manner

(b) Details of compliance (Reply in Y/N)

	Principle-wise Policies	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for:	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The relevant policies have evolved over a period of time by taking inputs from the concerned internal stakeholders. However, the Company engages with the key external stakeholders on a regular basis and their concerns are noted and discussed internally which help in shaping our policies.								
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
		All applicable national and international laws as well as international conventions are captured in the policies articulated by the Company. In addition, they reflect the purpose and intent of the United Nations Global Compact (UNGC), GRI guidelines and international standards such as ISO 14001, ISO 9001, ISO 22000, ISO 50001, RC 14001, OHSAS 18001 and others.								
4	Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The policies are approved by the Board/Competent Authority to which the requisite authority has been delegated by the Board.								
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Company has set-up various Committees of the Board of Directors or of Senior Executives to oversee implementation of these policies. Sustainability & CSR Committee is one such committee which reviews Sustainability and CSR performance of the Company on a half-yearly basis.								

	Principle-wise Policies	P1	P2	P3	P4	P5	P6	P7	P8	P9
6	Indicate the link for the policy to be viewed online?	All employee related policies are uploaded on the intranet portal of the Company for communication and implementation. Other policies are uploaded on the Company's website www.jubl.com . Relevant policies are also published in the Annual Report.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		Policies are communicated to all relevant stakeholders through Company website, meetings, emails, sustainability report, annual report, etc.								
8	Does the company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievanceredressalmechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

List of Existing Policies

Following are the key policies which provide broad guidelines for smooth and transparent functioning of the Board	Approved by	On-line view
Code of Conduct for Directors and Senior Management & Code for Independent Directors	Board	www.jubl.com
Code of Conduct for Prevention of Insider Trading	Board	Intranet portal of the Company
Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions	Board	www.jubl.com
Corporate Social Responsibility Policy	Board	www.jubl.com
Policy for Determining Materiality of Events and Information	Board	www.jubl.com
Policy on Board Diversity	Board	-
Succession Plan for Board Members and Senior Management	Board	-
Performance Evaluation Policy	Board	-
Appointment and Remuneration Policy	Board	www.jubl.com
Whistle Blower Policy	Board	www.jubl.com and Intranet portal of the Company
Policy for Determining Material Subsidiaries	Board	www.jubl.com
Archival Policy	Board	www.jubl.com
Policy for Preservation of Documents	Board	-
Dividend Distribution Policy	Board	www.jubl.com (Also forms part of Annual Report)
Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information	Board	www.jubl.com
Code of Conduct for Employees	Board	Intranet portal of the Company
Policy on Prevention of Sexual Harassment	Board	Intranet portal of the Company

Other policies adopted by the Company for ensuring effective governance in regular operations	Approved by	On-line view
Sustainability Policy	Chairman and Co-Chairman & Managing Director	www.jubl.com
Climate Change Mitigation Policy	Chairman and Co-Chairman & Managing Director	www.jubl.com
Environment, Occupational Health and Safety Policy	Chairman and Co-Chairman & Managing Director	www.jubl.com
Responsible Care Policy	Chairman and Co-Chairman & Managing Director	www.jubl.com
Green Supply Chain Policy	Chairman and Co-Chairman & Managing Director	www.jubl.com
Quality Policy	Chairman and Co-Chairman & Managing Director	www.jubl.com
Energy Policy	Chairman and Co-Chairman & Managing Director	www.jubl.com

3. Governance related to BR

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

There are several committees of the Board of Directors and of Senior Executives which meet at regular frequency to review the BR performance of the Company. Sustainability and CSR Committee of the Board reviews the Sustainability and CSR performance of the Company on a half-yearly basis. This Committee comprises Executive, Non-Executive and Independent Directors.

- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company is publishing its Sustainability Report annually in line with GRI guidelines since the Financial Year 2002-03. Every year, the Report is assured by a third party. Sustainability Report for the Financial Year 2016-17 was prepared in line with the GRI G4 Guidelines in accordance with 'Comprehensive' option and was assured by Ernst & Young LLP. The Report for the Financial Year 2017-18 is being published along with the Annual Report of the Company for the Financial Year 2017-18. Sustainability Reports of the Company are available on the Company's website at the following link: <http://www.jubl.com/sustainability/sustainability-report>.

Business Responsibility Report Index on Social, Environmental and Economic Issues

BRR Principle	Section in BR Report	Page	Details in Company's Sustainability Report
P1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	Corporate Governance - Ethics, Transparency & Accountability	113	√
P2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	Sustainability of Products and Services across Life-Cycle	114	√
P3 Businesses should promote the well-being of all employees	Employee well being	115	√
P4 Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized	Stakeholder Prioritization and Engagement	116	√
P5 Businesses should respect and promote human rights	Promote Human Rights	116	√

BRR Principle	Section in BR Report	Page	Details in Company's Sustainability Report
P6 Businesses should respect, protect and make efforts to restore the environment	Respect, Protect and restore the Environment	116	√
P7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	Public Policy Advocacy	116	√
P8 Businesses should support inclusive growth and equitable development	Corporate Social Responsibility	117	√
P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner	Customer Satisfaction	117	√

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

Corporate Governance – Ethics, Transparency & Accountability:

Composition of the Board: The Board of Directors (the 'Board') is the apex and highest governing body in Jubilant Life Sciences Limited. The Board 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. The Board's objective is to create sustainable value for all stakeholders, provide vision to the Company and oversee implementation of the Board's decisions.

Jubilant Life Sciences is led by a team of eminent professionals who inspire, lead and contribute to the growth of the Company. The Board of Directors of Jubilant has an optimal mix of Executive, Non-Executive, Independent and Non-Independent Directors. As on May 9, 2018, the Board comprised 2 Executive Directors and 8 Non-Executive Directors. The Board had 5 Independent Directors including 1 woman Director. All members of the Board are well experienced and bring expertise in the fields of Life Sciences, Pharmaceuticals, Chemical Engineering, Banking, Accounts, Taxation, Administration, etc. to the table.

The Independent Directors are not associated with the Company in any executive capacity. The Independent Directors, by furnishing a Certificate of Independence to the Board, affirm their independence on an annual basis.

Senior Leadership Team: Co-Chairman and Managing Director ('CCMD') is the highest Executive Officer of the Company. He belongs to the promoter group and along with the Chairman, he has led the Company to its present growth and success. The Chief Executive Officers ('CEOs') of various businesses of the Company are responsible for smooth functioning of their respective businesses. They are responsible for development of business strategies keeping in view the interests of all the stakeholders. The business strategies and plans are reviewed during the Annual Strategy Meet by the Chairman, CCMD, Chief Financial Officer and CEOs.

Board Committees for effective governance: To focus effectively on the issues and to ensure expedient resolution of diverse matters, the Board has constituted several Committees with clearly defined terms of reference and scope. The Committee members are appointed by the Board with the consent of the individual Directors. Key Committees of the Board are:

- Audit Committee
- Nomination, Remuneration and Compensation Committee
- Stakeholders Relationship Committee
- Sustainability & CSR Committee
- Finance Committee
- Capital Issue Committee
- Fund Raising Committee

Codes and Policies: The Company has a detailed framework of codes and policies framed by the Board in compliance with the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations'). Following are the salient codes and policies which provide broad guidelines for smooth and transparent functioning of the Board and the Company:

- Code of Conduct for Directors and Senior Management
- Code of Conduct for Prevention of Insider Trading
- Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information
- Policy for Determining Materiality of Events and Information
- Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions
- Corporate Social Responsibility Policy
- Policy on Board Diversity
- Succession Plan for Board Members and Senior Management
- Performance Evaluation Policy
- Appointment and Remuneration Policy

- Whistle Blower Policy
- Policy for Determining Material Subsidiaries
- Dividend Distribution Policy
- Policy for Preservation of Documents
- Archival Policy
- Policy for Prevention of Sexual Harassment
- Code of Conduct for Employees on issues like prohibition of child labour, forced & compulsory labour, non-discrimination, anti-bribery & corruption, preventing money laundering and others.

At Jubilant Life Sciences, good governance is a tradition and a way of life and 'Our Promise' and 'Our Vision' set the overall direction for corporate governance of the Company. The Vision, Values and Promise statements of the Company are adopted by the businesses and all other functions of the Company. In addition to the above mentioned policies framed by the Board, there are several other policies adopted by the Company for ensuring effective corporate governance in regular operations. These include:

- Sustainability Policy
- Climate Change Mitigation Policy
- Environment, Occupational Health and Safety Policy
- Responsible Care Policy
- Green Supply Chain Policy
- Quality Policy
- Energy Policy

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

Sustainability of Products and Services across Life-Cycle

Jubilant Life Sciences Limited is an integrated global Pharmaceutical and Life Sciences company engaged in Pharmaceuticals, Life Science Ingredients and Drug Discovery Solutions. The Pharmaceuticals segment, through its wholly owned subsidiary Jubilant Pharma Limited, is engaged in manufacture and supply of Active Pharmaceutical Ingredients, Solid Dosage Formulations, Radiopharmaceuticals, Allergy Therapy Products and Contract Manufacturing of Sterile and Non-sterile products through 6 USFDA approved manufacturing facilities in India, USA and Canada and a network of over 50 Radiopharmacies in the USA. The Life Science Ingredients segment is engaged in Specialty Intermediates, Nutritional Products and Life Science Chemicals through 5 manufacturing facilities in India. The Drug Discovery Solutions segment provides proprietary in-house innovation and collaborative research and partnership for out-licensing through 3 world class research centres in India and USA.

Jubilant Life Sciences' progress in diverse businesses has been made possible through the contribution of R&D which is focused on products development and cost reduction through process innovation. Innovation at Jubilant is backed by strong chemistry, bio science expertise and the knowledge bank created over the years. We have harnessed

our strengths-a strong R&D team, modern R&D facilities, command over cost effective technologies and economies of scale into a synergistic organic entity, continuously creating and nurturing high quality products and technologies.

Material in Use

The Company sources its materials, machinery, spares, stores, etc. from across the globe without compromising on quality and value. In monetary terms, 18.56% of the material was sourced domestically whereas 81.44% was sourced from other countries for Indian operations in Financial Year 2017-18.

On the Road to 'Green Chemistry'

Jubilant manufactures Pyridine using alcohol produced from agricultural feedstock (molasses) instead of using alcohol produced by conventional petro route. As per the Life Cycle based carbon footprint study in Financial Year 2011-12, it was evident that Pyridine manufactured by Jubilant through ethanol (biogenic source) route has a much lesser carbon footprint than similar products which are manufactured through conventional petro route.

Energy Consumption and Conservation

Cost of energy and its linkage with climate change impact is a major business concern at Jubilant like any other industry. To optimise its energy consumption and decouple climate change impact from energy usage, the Company has decided to focus on improving process energy efficiency, find alternate sources of uninterrupted low cost energy and increasing the percentage of renewable energy in the present energy mix. During the Financial Year 2015-16, Jubilant inducted solar energy in its renewable energy mix of bio-gas, biodiesel and biomass.

In line with the established practice, the Company took up several resource saving initiatives at its manufacturing facilities. During the year under review, 257 new projects were taken up by the Business Excellence team of the Company. These new projects along with other 76 carry forward projects from the previous year led to total savings of ₹ 913 Million for the Company. Out of this, 102 energy saving projects led to an estimated saving of ₹ 259 Million in the Financial Year 2017-18.

Water and Waste Water Management

Jubilant is aware of the growing conflict for water usage between industry and public at large across the globe. In its bid to become water sustainable, the Company is continuously striving to follow zero discharge strategy. Majority of its plants have already achieved zero discharge and all the plants try to optimize water consumption and maximize effluent recycle and reuse. In addition to process modification, the site management has also put in place the best available effluent treatment technologies for its better recycling and reuse. Further, the Company has also implemented rainwater harvesting structures at several locations to support its commitment in water conservation. Please refer the Sustainability Report of the Company for details of water and waste-water performance.

Waste Management

Waste minimization, waste recovery and reuse and scientific

disposal of waste are the three approaches adopted by Jubilant for all types of wastes, whether hazardous or non-hazardous. The Company, while continuing the waste treatment, is laying emphasis on waste minimization. At Jubilant, the non-hazardous wastes are either recycled or reused by the third parties. Fly ash, metal scrap, plastic scrap, paper and wooden material scraps are a few major contributors of non-hazardous waste. For hazardous waste generated at its facilities, the Company follows the following methods for its proper disposal depending on their nature and local regulation:

- Recycle and reuse through authorized third party
- Co-processing at cement kiln
- Secured land fill
- Incineration (both solid & liquid)

During the reporting year, the Company established plant scale feasibility of co-processing in cement kiln for disposal of organic rich effluent generated from Advance Intermediate plant. This initiative will result in reducing the carbon footprint which would have otherwise generated during treatment of the waste through Multi Effect Evaporator (MEE) and incinerator.

Sustainable Supply Chain

The principal goal of supply chain management (SCM) at Jubilant is to provide a substantial and sustainable value contribution for the success of our businesses. In line with our vision to do business sustainably, Jubilant is keen to take its partners along in this sustainability journey. We have processes and systems in place to engage with them on a continuous basis. Various categories of suppliers include raw material and packaging vendors, engineering item suppliers, transporters, contractors and other service providers. Considering the growing demand for a sustainable supply chain globally, Jubilant has already developed and communicated its Green Supply Chain policy to its suppliers.

We also regularly update our suppliers on the latest sustainable procurement requirements. Suppliers' concerns are addressed through various interactions on a continual basis. To fulfil our Green Supply Chain commitments, Jubilant has been engaging extensively with its suppliers since 2014 to ensure compliance of applicable laws pertaining to Environment, Health and Safety, Human Rights and Social Requirements. The standard terms and conditions of contracts with the suppliers cover clauses for ensuring compliance with laws pertaining to EHS, Human Rights and Social requirements since 2014. Supplier Audits are conducted annually to cover critical vendors at least once in three years. All external manufacturers are audited at least annually for their environmental & social performance.

Principle 3: Businesses should promote the well-being of all employees

Employee Well-Being

Engaged and committed workforce is key to our success. It onsets from recruiting qualified professionals, designed on-boarding and regular training, periodic performance discussions and rewarding meritocracy. Our Business

Principles commit us to provide our people with a safe working environment, respecting their human rights, promoting their professional development and creating an inclusive work environment. Human Resource policies and benefits have been articulated in the 'HR Policy Manual'. The manual defines eligibility, entitlement, terms & conditions and associated documentation for each policy.

Employee Benefits

To improve employee satisfaction and retention, the Company has put in place several employee benefit schemes. These include maternity leave for female employees, disability and invalidity coverage as per the Maternity Benefit Act, 1961, Industrial Disputes Act, 1947, the Employee's Compensation Act, 1923 and Group Medical Insurance for employees and their dependents. All female employees in Indian units and all employees in North American units are entitled to parental leave. Long term employee benefits include Pension, Provident Fund, Super-annuation and Gratuity. These constitute the key elements of employee's post-retirement benefits in India. International subsidiaries of the Company make contribution to various social security plans and insurance schemes as per local requirements and generally accepted practices in their respective country of incorporation.

Head Count and Break-up

All permanent employee records are maintained in our PeopleSoft database in HRIS system. Details of category-wise head count, attrition and new joiners of the Company are available in the Sustainability Report of the Company.

As Chemical manufacturing sites of the Life Science Ingredients business are hazardous in nature, the Company does not encourage employment of differently abled persons on these sites. However, Pharma business employs 82 differently abled personnel as on March 31, 2018.

Employee Association

In India, 564 employees were covered by Collective Bargaining Agreements with Trade Unions and Worker Committees as on March 31, 2018. At the Montreal facility, 179 employees were covered by Trade Unions / Collective Bargaining Agreements as on March 31, 2018. During the year, we enjoyed cordial relations with our employees and there have been no instances of labour unrest or disputes at any of the manufacturing sites.

Safety and Skill Upgradation Training

Imparting periodic quality training to employees is fundamental to improve the existing talent pool. As a part of learning and development opportunities, the Company organizes various internal and external trainings on a regular basis which include key capability development programs such as leadership development programs, strategic initiatives programs, self-development program and other customized programs. The Company has a dedicated in-house learning and development team which identifies the training needs of the employees, prepares training calendars and conducts trainings. The Company also organises induction programs for new employees at regular intervals and it has been made mandatory to participate in the induction training after joining the organization. Please

refer the Sustainability Report of the Company for details of training imparted to the employees.

Principle 4: Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

Stakeholder Prioritization and Engagement

Stakeholder engagement is the foundation of every sustainable business model. Jubilant recognizes the essence and invests significant time and efforts in improving the mode of stakeholder engagement. The Company has always strived to engage in an active dialogue with all its stakeholders. Stakeholders' aspirations and concerns are important elements of Jubilant's decision-making process. The Company has a robust system for maintaining a progressive relationship with its stakeholders.

The Company appreciates the need for a formal and systematic approach towards stakeholder prioritization and materiality assessment for better understanding of the ever changing expectations of our stakeholders. In this regard, a practice was developed and introduced in the Financial Year 2014-15 on Stakeholder Prioritisation and Materiality Assessment. In Phase-I, the Stakeholder Prioritisation & Materiality Assessment Survey was conducted, internally engaging the senior leadership team to assess the Company's key stakeholders and key issues influencing decisions of stakeholders. During the year, internal materiality assessment was conducted covering Heads of Departments of all Sites as well as Site Heads across all Indian manufacturing operations.

The Company has operations in various locations across India and North America. The Company supports local culture and heritage of the respective regions. There have been no violations involving rights of indigenous people or those related to human rights in Jubilant during the reporting period.

Principle 5: Businesses should respect and promote human rights

Promote Human Rights

Jubilant recognises and promotes universal respect for and observance of human rights and fundamental freedom. At Jubilant, we are committed to our Sustainability Mission and are signatory to the United Nations Global Compact (UNGC). We have formulated policies and developed systems to ensure protection of Human Rights for all concerned; these principles are defined in the Business Code of Conduct. Jubilant's policies on Human Rights cover issues of Child Labour, Forced and Compulsory Labour, Non Discrimination, Bribery and Corruption and Collective Bargaining. The Company has made the Business Code of Conduct available to all employees through intranet portal of the Company.

The Company has well established Whistle-blower Policy and a dedicated Ombudsman team for addressing the grievances reported by the employees. No cases of human rights violation and corruption were reported to the Ombudsman's Office during the Financial Year 2017-18.

Principle 6: Businesses should respect, protect and make efforts to restore the environment

Respect, Protect and Restore the Environment

In response to its commitment towards better environmental performance, Jubilant's top management has designed and implemented several policies and communicated the same to its employees and other stakeholders. Environment, Occupational Health & Safety (EHS) Policy and the Climate Change Mitigation Policy set the overall tone of the Company's aspiration towards achieving excellence in environmental performance. In addition, the Company has also adopted and effectively communicated Green Supply Chain Policy to its suppliers, expecting them to be sensitive towards the environment. From the Financial Year 2013-14, the Company has also adopted and communicated Responsible Care Policy, which depicts the Company's commitment towards reducing environmental impact due to its business activities beyond the boundaries of its manufacturing facilities. The largest manufacturing facility at Gajraula and Corporate Office in India were certified for RC 14001 during the Financial Year 2016-17.

Jubilant recognizes the significance of climate change impact on its business and monitors business risks and opportunities arising out of national and international regulations and protocols related to climate change. The Company is continuously striving to reduce its energy consumption for reducing its carbon footprint. The Company has engaged a dedicated team for identification and implementation of energy efficiency measures and cleaner technology to fulfil its commitment defined in the Climate Change Mitigation Policy.

Environmental performance is reviewed regularly through internal and external audits. New projects are assessed for identifying any potential hazards related to environment, health and safety.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

Public Policy Advocacy

The Company engages with a variety of stakeholders like government, regulatory agencies, NGOs and industry associations. Through its interactions with these stakeholders, the Company participates in identifying and framing public policy matters. The Company also engages with the industry association forums to voice its views about policies. Some of such business associations and NGOs are as follows:

- Advanced Neuroblastoma Research Association
- All India Distillers' Association
- American Chemical Society
- American Society of Nuclear Cardiology
- Canadian Association of Nuclear Medicine
- Confederation of Indian Industry
- Federation of Indian Chambers of Commerce & Industries
- Global Reporting Initiative
- Indian Chemical Council

- Indian Chemical Society
- PHD Chamber of Commerce and Industry
- Society of Nuclear Medicine and Molecular Imaging
- The Institution of Engineers (India)
- US-India Business Council
- World Economic Forum

Principle 8: Businesses should support inclusive growth and equitable development

Corporate Social Responsibility (CSR)

Jubilant recognizes that it is extremely important for any organization to function in sync with the community it operates in. Jubilant Bhartia Foundation (JBF), the corporate social responsibility wing of Jubilant Bhartia Group established in 2007, is strongly focused on fulfilling 'Our Promise' of Caring, Sharing, Growing. JBF touches different areas of social development including primary education, basic healthcare and skill development for employability and self-sustenance. JBF's regular interface with the local opinion leaders and community representatives provides adequate feedback which helps in evaluating the community requirements and measure the impact of JBF's social initiatives. This feedback helps in shaping the community initiatives at the manufacturing facilities. CSR teams at various locations interact continuously with the surrounding community to address the local needs.

Community Interface Meets: During the Financial Year 2017-18, the Company organised one Community Interface Meet at each location. During these community interfaces, the Company briefed about the business processes like products being manufactured, raw materials utilised and effluent and its management system, safety systems and Corporate Social Responsibility activities. At the end, suggestions/feedbacks were sought from the community.

CSR Policy: The Company has formulated its Corporate Social Responsibility ('CSR') Policy and Sustainability and CSR Committee of the Board of Directors has accorded its approval to implement the CSR activities through JBF. The Company continues to focus on the communities around the manufacturing locations of the Company and its subsidiaries in India for its CSR projects. The CSR activities at Jubilant are in line with the provisions of Section 135 read with Schedule VII to the Companies Act, 2013 and the CSR Policy. JBF has structured most of its community programs considering the expectations of the surrounding communities and the direction defined in the CSR Policy. Major community projects implemented during the reporting period are given below:

- **Project Arogya and Swasthya Prahari:** Improving health indices through innovative services and promoting health seeking behavior;
- **Project Muskaan:** Universalizing elementary education and improving quality parameters for primary education through community involvement; and
- **Nayee Disha:** Enhancing employability through vocational training.

Total expenditure on CSR activities during the Financial Year 2017-18 was ₹ 10.90 Million which was in line with the expenditure prescribed under the Companies Act, 2013.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

Customer Satisfaction

Customer Relationship Management: Meeting customer requirements is essential for our inclusive growth. Recently, there has been a paradigm shift in the customer expectations and the management is meticulously reaching out to the customers for understanding their expectations and concerns and addressing them on time. The Company has implemented Salesforce.com-Customer Relationship Management (CRM) software. Salesforce.com gives the Company an effective digital platform to address customer queries more efficiently. Any customer can float a product query and dedicated business personnel respond to those queries online.

Customer Feedback Mechanism: Customer feedback is taken both in formal and informal ways depending on the type of business and products. A standard customer feedback form has been prepared under the existing customer feedback system. Feedback forms are sent to the customers and feedback is taken at least once a year. Based on the feedback received, customer satisfaction index is calculated at the end of the year. The customer satisfaction index paves the way forward for respective businesses and gives direction to the sales and marketing teams to improve customer satisfaction.

Labelling and Packaging: The products are packed with proper labelling and bar-coding, wherever applicable. In its bid to be more inclusive, the Company also uses Braille Code for the products meant for end consumers in Europe. For communication of hazards, international labelling guidelines are followed depending on the requirements of the target customer. For the customers in Europe, CLP (Classification, Labelling and Packaging) is followed, whereas for Chinese customers - China GHS (Global Harmonised System), for Korean customers - Korea GHS and for USA and rest of the world, GHS is followed for classification and labelling of chemicals. Labels are also continuously updated as per the changes and updates in the relevant regulations. There has been no incidence of non-compliance with the regulations or voluntary codes concerning product and services information and labelling in our Life Science Ingredients (LSI) business during the Financial Year 2017-18. There has been no material incidence of non-compliance with applicable regulations or involuntary codes relating to product and services information and labelling in our Pharma business during the Financial Year 2017-18.

The Company adheres to all applicable laws, standards and voluntary codes related to marketing communications. The Company does not engage in sale of any banned or disputed products and adheres to the Government of India Competition Policy which protects the interests of consumers and producers by promoting and sustaining a fair competition. During reporting year, there have been no legal actions concerning any anti-competitive behaviour, anti-trust and monopoly practices by the Company.

Independent Auditor's Report

To the Members of Jubilant Life Sciences Limited Report on the Audit of the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Jubilant Life Sciences Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone Ind AS financial statements").

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs, profit (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which

are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its profit (including

Independent Auditor's Report (Continued)

other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us.
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements; - Refer Note 38 (B) to the standalone Ind AS financial statements.
 - ii. The Company does not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Standalone Ind AS financial statements for the period ended 31 March 2017 have been disclosed. Refer Note 13(a) to the standalone Ind AS financial statements.

For **BSR & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

Pravin Tulsyan

Partner

Membership No.: 108044

Place: Noida

Date: 9 May 2018

Annexure A to the Independent Auditor's Report of even date on standalone Ind AS financial statements of Jubilant Life Sciences Limited

The Annexure A referred to in our report to the members of the Company for the year ended 31 March 2018. We report that:

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, the discrepancies noticed on such verification were not material and have been properly adjusted in the books of account.
- (c) According to the information and explanations given to us and on the basis of our examination of the books of account, the title deeds of immovable property are held in the name of the Company.
- (ii) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained. As informed to us, the discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly adjusted in the books of account.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. As informed to us, there are no firms covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable.
- (iv) According to the information and explanations given to us, in respect of loans and investments made by the Company, the provisions of section 185 and 186 of the Act have been complied with. As informed to us, the Company has not provided any guarantee or security as specified under Section 185 and 186 of the Act.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Accordingly, paragraph 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules specified by the Central Government for maintenance of cost records under section 148(1) of the Act, in respect of its products and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities.
According to the information and explanations given to us, no amounts payable in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

Annexure A to the Independent Auditor's Report (Continued)

- (b) According to the information and explanations given to us, there are no dues of sales-tax which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanations given to us, the following dues of income-tax, service tax, duty of customs, duty of excise and value added tax have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of the Dues	Amount involved* (₹ in million)	Amount paid under protest (₹ in million)	Financial year to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Income Tax	261.56	-	1988-89 2001-02 2003-08	Income Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	15.01	9.05	2009-11	Supreme Court
		280.51	-	2006-10	Allahabad High Court
		3.03	-	2003-07	Custom Excise and Service Tax Appellate Tribunal
		0.40	-	2010-13	
		288.95**	-	2007-11 2011-13	
		21.12	0.68	2007-09 2011-17	Commissioner (Appeals)
		22.37	-	2011-17	Commissioner
		0.77	-	2016-17	Assistant Commissioner
Finance Act, 1994	Service Tax	5.74	0.09	2007-11	Custom Excise and Service Tax Appellate Tribunal
Customs Act, 1962	Customs Duty	12.04	-	2012-14	Commissioner (Appeals)
		0.01	-	2006-07	Assistant Commissioner
		3.47	-	2012-15	Additional Director General
Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax	66.97	-	2010-18	Supreme Court
The Gujarat Value Added Tax Act, 2003	Value Added Tax	0.90	-	2013-14	Joint commissioner
The Maharashtra Value Added Tax Act, 2002	Value Added Tax	0.27	-	2012-13	Joint commissioner
The Central Goods and Service Tax Act, 2017	Goods and Service Tax	0.60	0.60	2017-18	Additional Commissioner

* amount as per demand orders including interest and penalty, wherever indicated in the order.

** a stay order has been received against the amount disputed and hence, not deposited.

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

Annexure A to the Independent Auditor's Report (Continued)

- (viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to its bankers or to any financial institutions and dues to debenture holders. The Company did not have any loans or borrowings from government during the year.
- (ix) Based on our examination of books of account and according to the information and explanations given to us, the Company has not taken any term loans during the year. Further, money raised through issue of non-convertible debentures and remaining unutilised in the previous year have been applied for the purposes during the current year for which they were obtained. As informed to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments).
- (x) Based on our examination of the books of account and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) Based on our examination of the books of account and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provision of section 197 read with Schedule V of the Act.
- (xii) According to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) Based on our examination of the books of account and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the standalone Ind AS financial statements, as required by the applicable accounting standards.
- (xiv) Based on our examination of the books of account and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **BSR & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

Pravin Tulsyan

Partner

Place: Noida
Date: 9 May 2018

Membership No.: 108044

Annexure B to the Independent Auditor's Report of even date on standalone Ind AS financial statements of Jubilant Life Sciences Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls with reference to financial statements of **Jubilant Life Sciences Limited** ("the Company") as of 31 March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit

opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial statements and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Financial Statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2018, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **BSR & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

Pravin Tulsyan

Partner

Place: Noida

Date: 9 May 2018

Membership No.: 108044

Balance Sheet as at 31 March 2018

(₹ in million)

	Notes	As at	
		31 March 2018	31 March 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	14,331.56	14,173.85
Capital work-in-progress	3	1,153.17	646.22
Other intangible assets	4	46.53	37.63
Intangible assets under development	4	-	7.78
Financial assets			
i. Investments	5	17,063.01	16,999.36
ii. Loans	6	32.03	29.54
iii. Other financial assets	7	4.03	9.55
Deferred tax assets (net)	8	-	93.99
Income tax assets (net)		36.76	180.97
Other non-current assets	9	319.44	289.89
Total non-current assets		32,986.53	32,468.78
Current assets			
Inventories	10	5,855.80	4,544.30
Financial assets			
i. Investments	11	-	97.00
ii. Trade receivables	12	4,936.61	3,856.66
iii. Cash and cash equivalents	13(a)	364.67	759.86
iv. Other bank balances	13(b)	10.40	6.70
v. Loans	6	205.76	181.09
vi. Other financial assets	7	398.39	823.75
Other current assets	14	1,487.24	1,173.73
Total current assets		13,258.87	11,443.09
Total assets		46,245.40	43,911.87
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	159.30	159.30
Other equity		22,334.52	20,268.77
Total equity		22,493.82	20,428.07
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	17(a)	10,593.81	13,870.17
Provisions	18	573.71	506.88
Deferred tax liabilities (net)	8	199.25	-
Total non-current liabilities		11,366.77	14,377.05
Current liabilities			
Financial liabilities			
i. Borrowings	17(b)	1,906.41	1,770.75
ii. Trade payables	19	7,491.78	4,869.11
iii. Other financial liabilities	20	2,473.40	1,950.11
Other current liabilities	21	229.03	293.21
Provisions	18	183.49	133.88
Current tax liabilities (net)		100.70	89.69
Total current liabilities		12,384.81	9,106.75
Total liabilities		23,751.58	23,483.80
Total equity and liabilities		46,245.40	43,911.87

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

For and on behalf of the Board of Directors of **Jubilant Life Sciences Limited**

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

Pravin Tulseyan

Partner

Membership No.: 108044

Shyam S. Bhartia

Chairman

DIN:00010484

Place: Noida

Date: 9 May 2018

Rajiv Shah

Company Secretary

R. Sankaraiah

Executive Director-Finance

Hari S. Bhartia

Co-Chairman and Managing Director

DIN:00010499

Statement of Profit and Loss for the year ended 31 March 2018

(₹ in million)

	Notes	For the year ended	
		31 March 2018	31 March 2017
Revenue from operations	22	33,430.07	26,229.85
Other income	23	462.12	518.95
Total income		33,892.19	26,748.80
Expenses			
Cost of materials consumed	24	16,444.51	12,443.45
Purchases of stock-in-trade	24(a)	1,540.52	1,196.94
Changes in inventories of finished goods, stock-in-trade and work-in-progress	25	(181.04)	(570.15)
Excise duty on sales		366.83	1,317.65
Employee benefits expense	26	2,644.15	2,263.08
Finance costs	27	1,351.71	1,742.55
Depreciation and amortisation expense	28	825.95	811.28
Other expenses	29	7,222.62	6,398.79
Total expenses		30,215.25	25,603.59
Profit before tax		3,676.94	1,145.21
Tax expense	30		
- Current tax		923.38	205.73
- MAT credit entitlement		(2.12)	(81.53)
- Deferred tax charge		121.26	229.07
Total tax expense		1,042.52	353.27
Profit for the year		2,634.42	791.94
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Changes in fair value of equity investments which are classified at fair value through OCI		2.83	3.81
Remeasurement of defined benefit obligations		(43.06)	(19.61)
Income tax relating to items that will not be reclassified to profit or loss	30	15.04	6.79
Other comprehensive loss for the year, net of tax		(25.19)	(9.01)
Total comprehensive income for the year		2,609.23	782.93
Earnings per equity share of ₹ 1 each	50		
Basic (₹)		16.54	4.97
Diluted (₹)		16.54	4.97

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

For and on behalf of the Board of Directors of **Jubilant Life Sciences Limited**For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

Pravin Tulseyan

Partner

Membership No.: 108044

Shyam S. Bhartia

Chairman

DIN:00010484

Place: Noida

Date: 9 May 2018

Rajiv Shah

Company Secretary

R. Sankaraiah

Executive Director-Finance

Hari S. Bhartia

Co-Chairman and Managing Director

DIN:00010499

Statement of Changes in Equity for the year ended 31 March 2018

A. Equity share capital		(₹ in million)
Balance as at 1 April 2016		159.30
Changes in equity share capital during the year		-
Balance as at 31 March 2017		159.30
Changes in equity share capital during the year		-
Balance as at 31 March 2018		159.30

	Reserves and surplus (2)										Items of Other Comprehensive Income (2)	Total
	Capital reserve	Securities premium reserve	Capital redemption reserve	Amalgamation reserve	General reserve	Debt redemption reserve	Share based payment reserve (3)	Foreign currency monetary item translation difference account (FCMITDA)	Retained earnings	Equity instruments through OCI		
Balance as at 1 April 2016	83.10	5,878.41	9.86	13.21	6,049.54	-	25.34	(50.73)	7,967.09	2.20	19,978.02	
Profit for the year	-	-	-	-	-	-	-	-	791.94	-	791.94	
Other comprehensive income/(loss)	-	-	-	-	-	-	-	-	(12.82)	3.81	(9.01)	
Total comprehensive income/(loss) for the year	-	-	-	-	-	-	-	-	779.12	3.81	782.93	
Employee stock option exercised/forfeited/lapsed	-	-	-	-	20.49	-	(20.49)	-	-	-	-	
Dividend	-	-	-	-	-	-	-	-	(477.84)	-	(477.84)	
Tax on dividend (1)	-	-	-	-	-	-	-	-	(58.01)	-	(58.01)	
Employee stock option expense (3)	-	-	-	-	-	-	0.01	-	-	-	0.01	
Transfer to debt redemption reserve	-	-	-	-	-	374.60	-	-	(374.60)	-	-	
Exchange loss during year on long-term foreign currency term loan	-	-	-	-	-	-	-	(18.01)	-	-	(18.01)	
Amortised during the year	-	-	-	-	-	-	-	61.67	-	-	61.67	
Balance as at 31 March 2017	83.10	5,878.41	9.86	13.21	6,070.03	374.60	4.86	(7.07)	7,835.76	6.01	20,268.77	
Profit for the year	-	-	-	-	-	-	-	-	2,634.42	-	2,634.42	
Other comprehensive income/(loss)	-	-	-	-	-	-	-	-	(28.02)	2.83	(25.19)	
Total comprehensive income/(loss) for the year	-	-	-	-	-	-	-	-	2,606.40	2.83	2,609.23	
Employee stock option exercised/forfeited/lapsed	-	-	-	-	3.20	-	(3.20)	-	-	-	-	
Dividend	-	-	-	-	-	-	-	-	(477.84)	-	(477.84)	
Tax on dividend (1)	-	-	-	-	-	-	-	-	(72.71)	-	(72.71)	
Transfer to debt redemption reserve	-	-	-	-	-	374.60	-	-	(374.60)	-	-	
Exchange gain during year on long-term foreign currency term loan	-	-	-	-	-	-	-	1.81	-	-	1.81	
Amortised during the year	-	-	-	-	-	-	-	5.26	-	-	5.26	
Balance as at 31 March 2018	83.10	5,878.41	9.86	13.21	6,073.23	749.20	1.66	-	9,517.01	8.84	22,334.52	

Statement of Changes in Equity for the year ended 31 March 2018 (Continued)

Notes:

- (1) During the year ended 31 March 2018 and 31 March 2017, the Company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax (DDT) to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity. Distribution tax on dividend represents tax on dividend paid during the year ended 31 March 2018 amounting to ₹ 97.28 million (31 March 2017: ₹ 97.28 million) net off, distribution tax amounting to ₹ 24.57 million (31 March 2017: ₹ 39.27 million) on dividend received during the year from a subsidiary company.
- (2) Refer note 16 for nature and purpose of other equity.
- (3) Refer note 47.

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

Pravin Tulsyan

Partner

Membership No.: 108044

Place: Noida

Date: 9 May 2018

For and on behalf of the Board of Directors of **Jubilant Life Sciences Limited**

Shyam S. Bhartia

Chairman

DIN:00010484

Hari S. Bhartia

Co-Chairman and Managing Director

DIN:00010499

R. Sankaraiah

Executive Director-Finance

Rajiv Shah

Company Secretary

Statement of Cash Flows for the year ended 31 March 2018

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
A. Cash flow from operating activities		
Net profit before tax	3,676.94	1,145.21
Adjustments:		
Depreciation and amortisation expense	825.95	811.28
(Gain)/loss on sale/ disposal/ discard/ impairment of property, plant and equipment (net)	16.99	(31.68)
Finance costs	1,351.71	1,742.55
Employee share-based payment expense	-	0.01
Amortisation of Foreign Currency Monetary Item Translation Difference	5.26	61.67
Unrealised foreign exchange loss/(gain)	3.48	(28.16)
Interest income	(15.76)	(58.23)
Dividend income	(120.69)	(192.92)
	2,066.94	2,304.52
Operating cash flow before working capital changes	5,743.88	3,449.73
Increase in trade receivables, loans, other financial assets and other assets	(924.73)	(765.41)
(Increase) / decrease in inventories	(1,311.50)	208.33
Increase in trade payables, other financial liabilities, other liabilities and provisions	2,652.53	1,352.69
Cash generated from operations	6,160.18	4,245.34
Income tax paid (net of refund)	(581.69)	(53.81)
Net cash generated from operating activities	5,578.49	4,191.53
B. Cash flow from investing activities (3)		
Purchase of property, plant and equipment, other intangible assets (including capital work-in-progress and intangible asset under development)	(1,429.30)	(1,188.72)
Sale of property, plant and equipment	16.67	162.28
Investment in subsidiaries	(234.32)	-
Proceeds on capital reduction in subsidiary (Refer note 49)	270.50	-
Loans to subsidiaries (net)	(70.00)	-
Movement in other bank balances*	1.82	11.29
Interest received	54.65	391.58
Dividend received	120.69	192.92
Net cash used in investing activities	(1,269.29)	(430.65)
C. Cash flow from financing activities **		
Proceeds from long term borrowings/debentures	-	7,500.00
Repayment of long term borrowings	(2,864.07)	(9,063.15)
Repayment of short term borrowings (net)	(84.34)	(2,722.17)
Loans taken from subsidiaries	220.00	3,390.00
Repayment of loans to subsidiaries	(50.00)	(212.67)
Repayment of short term borrowings from subsidiaries (net)	-	(46.50)
Dividend paid (including dividend distribution tax)	(546.36)	(530.81)
Finance costs paid	(1,379.62)	(1,698.66)
Net cash used in financing activities	(4,704.39)	(3,383.96)

Statement of Cash Flows for the year ended 31 March 2018 (Continued)

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(395.19)	376.92
Add: cash and cash equivalents at the beginning of year	759.86	382.94
Cash and cash equivalents at the end of the year (Refer note 13 (a))	364.67	759.86

* ₹ 64.19 million (31 March 2017: ₹ 61.88 million) has restricted use.

**Refer note 17 (d) for changes in liabilities arising from financing activities.

Notes:

- Statement of Cash Flows has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows".
- During the year, the Company paid in cash ₹ 10.90 million (31 March 2017: ₹ 10.27 million) towards corporate social responsibility (CSR) expenditure (included in donation-Refer note 41).
- Refer note 48.

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

For and on behalf of the Board of Directors of **Jubilant Life Sciences Limited**

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

Pravin Tulsyan

Partner

Membership No.: 108044

Shyam S. Bhartia

Chairman

DIN:00010484

Place: Noida

Date: 9 May 2018

Rajiv Shah

Company Secretary

R. Sankaraiah

Executive Director-Finance

Hari S. Bhartia

Co-Chairman and Managing Director

DIN:00010499

Notes to the financial statements for the year ended 31 March 2018

1. 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 BSE Limited and National Stock Exchange of India Limited. The registered office of the Company is situated at Bhartiagram, Gajraula, District Amroha, Uttar Pradesh – 244223.

The Company is an integrated global pharmaceutical and life sciences company engaged in pharmaceuticals, life science ingredients and drug discovery solutions. The pharmaceuticals segment, through its wholly owned subsidiary Jubilant Pharma Limited, is engaged in manufacture and supply of APIs, solid dosage formulations, radiopharmaceuticals, allergy therapy products and contract manufacturing of sterile and non-sterile products through 6 USFDA approved manufacturing facilities in India, USA and Canada and a network of over 50 radio-pharmacies in the US. The life science ingredients segment is engaged in specialty intermediates, nutritional products and life science chemicals through 5 manufacturing facilities in India. The drug discovery solutions segment provides proprietary in-house innovation & collaborative research and partnership for out-licensing through 3 world class research centres in India and USA. The Company is well recognized as a 'Partner of Choice' by leading pharmaceuticals and life sciences companies globally.

2. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. The accounting policies adopted are consistent with those of the previous financial year except for adoption of the following amendment in the Ind AS 7 effective from the current year. The said amendment requires the Company to provide disclosures which will enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The adoption of the above amendment to the Standard does not have any significant impact on the financial position or performance of the Company.

(a) Basis of preparation

(i) Statement of compliance

These Standalone Ind AS Financial Statements ("financial statements") have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, ("the Act") and other relevant provisions of the Act. All the amounts included in the financial statements are reported in millions of Indian Rupees ('Rupees' or '₹') and are rounded to the nearest million, except per share data and unless stated otherwise.

The financial statements have been authorized for issue by the Company's Board of Directors on 9 May 2018.

(ii) Historical cost convention

The financial statements have been prepared under historical cost convention on accrual basis, unless otherwise stated.

(iii) Effective 1 April 2015, the Company had transitioned to Ind AS while the financial statements were being prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (previous GAAP) till 31 March 2016 and the transition was carried out in accordance of Ind AS 101 "First time adoption of Indian Accounting Standards". While carrying out transition, in addition to the mandatory exemptions, the Company had elected to certain exemption which are listed as below:

- a) The Company had opted to continue with the carrying value for all of its property, plant and equipment and intangible assets as recognised in the financial statements prepared under previous GAAP and use the same as deemed cost in the financial statement as at the transition date.
- b) The Company had elected to exercise the option under Ind AS 21 for accounting of Exchange differences pertaining to long term foreign currency monetary items that are related to acquisition of depreciable/ amortisable assets to adjust in the carrying amount of the related property, plant and equipment and intangible assets in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP. Accordingly, amortization and depreciation on exchange fluctuation capitalized is charged over the remaining useful life of the respective assets. Further, exchange differences arising on other long-term foreign currency monetary items are accumulated in 'Foreign Currency Monetary Item Translation Difference Account' (FCMITDA), and are amortised over the balance period of the relevant foreign currency item.

(b) Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification.

An asset is treated as current when:

- It is expected to be realised or intended to be sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve

Notes to the financial statements for the year ended 31 March 2018 (Continued)

months after the reporting period; or

- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle for the purpose of current-non-current classification of assets and liabilities.

(c) Property, plant and equipment (PPE) and intangible assets

(i) Property, plant and equipment

Freehold land is carried at cost. All other items of property, plant and equipment are stated at cost, which includes capitalized finance costs, less accumulated depreciation and any accumulated impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of an item of a PPE comprises its purchase price including import duty, and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition of its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Expenditure incurred on startup 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 costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be

measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Advances paid towards acquisition of property, plant and equipment outstanding at each Balance Sheet date, are shown under other non-current assets and cost of assets not ready for intended use before the year end, are shown as capital work-in-progress.

(ii) Intangible assets

- Internally generated goodwill is not recognised as an asset. With regard to other internally generated intangible assets:

- Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Statement of Profit and Loss as incurred.

- Development expenditure including regulatory cost and legal expenses leading to product registration/ market authorisation relating to the new and/or improved product and/or process development capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and directly attributable finance costs (in the same manner as in the case of tangible fixed assets). Other development expenditure is recognised in the Statement of Profit and Loss as incurred.

- Intangible assets that are acquired and implementation of software system are measured initially at cost.

- After initial recognition, an intangible asset is carried at its cost less accumulated amortisation and any accumulated impairment loss. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

(iii) Depreciation and amortization methods, estimated useful lives and residual value

Depreciation is provided on straight line basis

Notes to the financial statements for the year ended 31 March 2018 (Continued)

on the original cost/ acquisition cost of assets or other amounts substituted for cost of fixed assets as per the useful life specified in Part 'C' of Schedule II of the Act, read with notification dated 29 August 2014 of the Ministry of Corporate Affairs, except for the following classes of fixed assets which are depreciated based on the internal technical assessment of the management as under:

Category of assets	Management estimate of useful life	Useful life as per Schedule II
Motor vehicles (Vehicles – owned)	5 years	8 years
Motor vehicles under finance lease (Vehicles – leased)	Tenure of lease or 5 years whichever is shorter	8 years
Computer servers and networks (included in office equipment)	5 years	6 years
Dies and punches for manufacture of dosage formulations (included in plant and equipment)	1-2 years	15 years
Employee perquisite related assets (except end user computers) (included in office equipment)	5 years, being the period of perquisite scheme	10 years

Leasehold land which qualifies as finance lease is amortised over the lease period on straight line basis.

Software systems are being amortised over a period of five years being their useful life. Rights are amortised over the useful life.

Depreciation and amortization on property, plant and equipment and intangible assets added/disposed off during the year has been provided on pro-rata basis with reference to the date/month of addition/disposal.

Depreciation and amortization methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

(iv) Derecognition

A property, plant and equipment and intangible assets is derecognised on disposal or when no future economic benefits are expected

from its use and disposal. Losses arising from retirement and gains or losses arising from disposal of a tangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss.

(d) Non-current assets held for sale

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less cost to sell. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in the Statement of Profit and Loss.

Once classified as held-for sale, property, plant and equipment and intangible assets are no longer amortised or depreciated.

(e) Impairment of non-financial assets

The Company's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows (i.e. corporate assets) are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment loss recognized in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognized in prior periods, the Company reviews at reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates

Notes to the financial statements for the year ended 31 March 2018 (Continued)

used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(f) Financial instrument

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in

the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

Debt instrument at FVOCI

A 'debt instrument' is classified as at the FVOCI if the objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and the asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss. Interest earned whilst holding FVOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVPL

FVPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVOCI, is classified as at FVPL. In addition, at initial recognition, the Company may irrevocably elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss to retained earnings.

Equity instruments included within the FVPL category are measured at fair value with all changes

Notes to the financial statements for the year ended 31 March 2018 (Continued)

recognised in the Statement of Profit and Loss.

Investments in subsidiaries

Equity investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

Impairment of financial assets

The Company recognizes loss allowance using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all financial assets with contractual cash flows other than trade receivable, ECLs are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of ECL (or reversal) that is required to adjust the loss allowance at the reporting date is recognised as an impairment gain or loss in the Statement of Profit and Loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred

asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVPL. A financial liability is classified as at FVPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Derivative financial instruments

The Company uses various types of derivative financial instruments to hedge its currency and interest risk etc. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Balance Sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(g) Inventories

Inventories are valued at lower of cost or net realisable value except scrap, which is valued at net estimated realisable value.

The Company uses weighted average method to determine cost for all categories of inventories

Notes to the financial statements for the year ended 31 March 2018 (Continued)

except for goods in transit which is valued at specifically identified purchase cost. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition inclusive of non-refundable (adjustable) taxes wherever applicable. The cost of work-in-progress and manufactured finished goods include an appropriate share of variable and fixed production overheads. Fixed production overheads are included based on normal capacity of production facilities.

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. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost, except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value. The comparison of cost and net realisable value is made on an item-by-item basis.

(h) Cash and cash equivalents

Cash and cash equivalent comprise cash at banks and on hand (including imprest) and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(i) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(j) Revenue recognition

Revenue from sale of products is recognised when the property in the goods, or all significant risks

and rewards of ownership of the products have been transferred to the buyer, and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of products as well as regarding its collection. Revenues include excise duty till 30 June 2017 and are shown net of goods and service tax (GST) (w.e.f. 1 July 2017), sales tax & value added tax (effective till 30 June 2017) and applicable discounts and allowances, if any.

Revenue includes only those sales for which the Company has acted as a principal in the transaction, takes title to the products, and has the risks and rewards of ownership, including the risk of loss for collection, delivery and returns. Any sales for which the Company has acted as an agent or broker without assuming the risks and rewards of ownership have been reported on a net basis.

Goods sold on consignment are recorded as inventory until goods are sold by the consignee to the end customer.

Sale of utility is recognised on delivery of the same to the consumers and no significant uncertainty exists as to its realisation.

Export incentive entitlements are recognised as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds. These are presented as other operating income in the Statement of Profit and Loss.

(k) Employee benefits

(i) *Short-term employee benefits:* All employee 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 benefits plans and defined contribution plans as under:

a) Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and

Notes to the financial statements for the year ended 31 March 2018 (Continued)

the tenure of employment. The liability in respect of gratuity is recognised in the books of account based on actuarial valuation by an independent actuary. The gratuity liability for certain employees 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

(i) The Company makes contribution to the recognised provident fund - "VAM EMPLOYEES PROVIDENT FUND TRUST" (a multiemployer trust) for most of its employees in India, which is a defined benefit plan to the extent that the 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.

For other employees in India, provident fund is deposited with Regional Provident Fund Commissioner. This is treated as defined contribution plan.

(ii) Company's contribution to the provident fund is charged to Statement of Profit and Loss.

(iii) Other long-term employee benefits:

Compensated absences:

As per the Company's policy, eligible leaves can be accumulated by the employees and carried forward to future periods to either be utilised during the service, or encashed. Encashment can be made during service, on early retirement, on withdrawal of scheme, at resignation and upon death of the employee. Accumulated compensated absences are treated as other long-term employee benefits.

(iv) Termination benefits:

Termination benefits are recognised as an expense when, as a result of a past event, the Company has a present obligation that can be

estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(v) Actuarial valuation:

The liability in respect of all defined benefit plans and other long term benefits is accrued in the books of account on the basis of actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

Remeasurement gains and losses on other long term benefits are recognised in the Statement of Profit and Loss in the year in which they arise. Remeasurement gains and losses in respect of all defined benefit plans arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in other equity in the Statement of Changes in Equity and in the Balance Sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Any differential between the plan assets (for a funded defined benefit plan) and the defined benefit obligation as per actuarial valuation is recognised as a liability if it is a deficit or as an asset if it is a surplus (to the extent of the lower of present value of any economic benefits available in the form of refunds from the plan or reduction in future contribution to the plan).

Past service cost is recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to, a defined benefit plan, the past service cost is recognised immediately in the Statement of Profit and Loss. Past service cost may be either positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).

(I) Share-based payments

The Company has adopted the policy to account

Notes to the financial statements for the year ended 31 March 2018 (Continued)

for Employees Welfare Trust as a legal entity separate from the Company but as a subsidiary of the Company. Any loan from the Company to the trust is accounted for as a loan in accordance with its term.

The grant date fair value of options granted (net of estimated forfeiture) to employees of the Company is recognized as an employee expense, and those granted to employees of subsidiaries is considered as the Company's equity contribution and is added to the carrying value of investment in the respective subsidiaries, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognized in connection with share based payment transaction is presented as a separate component in equity under "share based payment reserve". The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest. For the option awards, grant date fair value is determined under the option-pricing model (Black-Scholes-Merton). Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures materially differ from those estimates.

Corresponding balance of a share based payment reserve is transferred to general reserve upon expiry of grants or upon exercise of stock options by an employee, as the Company is operating the Employee Stock Option schemes through Jubilant Employees Welfare Trust, which has purchased share from the secondary market.

(m) Finance costs

Finance costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Finance cost also includes exchange differences to the extent regarded as an adjustment to the finance costs. Finance costs that are directly attributable to the construction or production or development of a qualifying asset are capitalized as part of the cost of that asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. All other finance costs are expensed in the period in which they occur.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the finance costs eligible for capitalization. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective interest method. Ancillary costs incurred in connection with the arrangement of borrowings are amortised over the

period of such borrowings.

(n) Income tax

Income tax expense comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

• Current tax:

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received after considering uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

• Deferred tax:

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to freehold land and investments in subsidiaries, to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Unrecognised deferred tax assets are

Notes to the financial statements for the year ended 31 March 2018 (Continued)

reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

For operations carried out in SEZs, deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

(o) Leases

At inception of an arrangement, it is determined whether the arrangement is or contains a lease. If it is a lease arrangement, it is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

Finance 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. A finance lease is recognized as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate

for the lessor's expected inflationary cost increases.

(p) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chairman and Co-Chairman and Managing Director (CCMD) of the Company is responsible for allocating resources and assessing performance of the operating segments and accordingly identified as the chief operating decision maker. Revenues, expenses, assets and liabilities, which are common to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been treated as "unallocated revenues/ expenses/ assets/ liabilities", as the case may be.

(q) Foreign currency translation

(i) *Functional and presentation currency*

The functional currency of the Company is the Indian rupee. These financial statements are presented in Indian rupees.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at balance sheet date exchange rates are generally recognised in Statement of Profit and Loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income (OCI).

(r) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the Statement of Profit and Loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to Statement of Profit and Loss on a

Notes to the financial statements for the year ended 31 March 2018 (Continued)

straight-line basis over the expected lives of the related assets and presented within other income.

(s) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(t) Measurement of fair values

A number of the accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

fair value hierarchy in which the valuations should be classified.

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

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

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

(u) Critical estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes.

- Assessment of useful life of property, plant and equipment and intangible asset – Note 2(c)
- Valuation of inventories – Note 2(g)
- Fair value measurement – Note 2(t)
- Estimation of assets and obligations relating to employee benefits – Note 32
- Recognition and estimation of tax expense including deferred tax – Note 8 & 30
- Share-based payments – Note 47
- Estimated impairment of financial assets and non-financial assets – Note 2(e), 2(f)
- Recognition and measurement of contingency: Key assumption about the likelihood and magnitude of an outflow of resources – Note 38
- Lease classification – Note 39(b)

(v) Recent accounting pronouncements

Applicable standards issued but not yet effective

Notes to the financial statements for the year ended 31 March 2018 (Continued)

The Company has not early adopted the following new standards or amendments to standards in preparing these financial statements.

Ind AS 115, Revenue from contracts with customers

MCA vide its notification dated 28 March 2018, notified Ind AS 115, "Revenue from Contracts with Customers". Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 "Revenue", Ind AS 11 "Construction Contracts", when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The new revenue recognition standard is effective from 1 April 2018. The Company has completed its evaluation of the possible impact of Ind AS 115 and does not expect the impact of the adoption of the new standard to be material.

Appendix B, Foreign currency transactions and advance consideration to Ind AS 21, the effects of changes in foreign exchange rates

MCA vide its notification dated 28 March 2018, notified Appendix B, Foreign currency transactions and advance consideration to Ind AS 21. The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. Appendix B is effective from 1 April 2018. The Company is currently evaluating the impact of this amendment.

Notes to the financial statements for the year ended 31 March 2018 (Continued)

	Land-freehold	Land-leasehold (4)	Building-factory	Building-others	Plant and equipment	Furniture and fixtures	Vehicles-owned	Vehicles-leased	Office equipment	Railway sidings	Total	Capital work-in-progress
3. Property, plant and equipment and capital work-in-progress												
Gross carrying amount as at 1 April 2016	219.57	383.00	855.95	1,618.27	11,347.59	88.27	28.14	27.33	263.51	108.43	14,940.06	348.28
Additions/adjustments (5)	-	4.85	38.96	37.71	838.17	8.51	3.69	14.87	27.80	-	974.56	1,249.09
Deductions/adjustments	-	(63.02)	-	-	(69.67)	(3.07)	(0.24)	(4.43)	(1.87)	-	(142.30)	(951.15)
Gross carrying amount as at 31 March 2017	219.57	324.83	894.91	1,655.98	12,116.09	93.71	31.59	37.77	289.44	108.43	15,772.32	646.22
Accumulated depreciation as at 1 April 2016	-	5.38	31.98	36.75	634.03	18.60	7.27	7.78	75.47	11.08	828.34	-
Depreciation charge for the year	-	5.27	31.81	37.67	611.11	16.66	6.80	9.17	54.84	11.08	784.41	-
Deductions/adjustments	-	(1.63)	-	-	(6.19)	(1.17)	-	(4.40)	(0.89)	-	(14.28)	-
Accumulated depreciation as at 31 March 2017	-	9.02	63.79	74.42	1,238.95	34.09	14.07	12.55	129.42	22.16	1,598.47	-
Net carrying amount as at 31 March 2017	219.57	315.81	831.12	1,581.56	10,877.14	59.62	17.52	25.22	160.02	86.27	14,173.85	646.22

	Land-freehold	Land-leasehold (4)	Building-factory	Building-others	Plant and equipment	Furniture and fixtures	Vehicles-owned	Vehicles-leased	Office equipment	Railway sidings	Total	Capital work-in-progress
Gross carrying amount as at 1 April 2017	219.57	324.83	894.91	1,655.98	12,116.09	93.71	31.59	37.77	289.44	108.43	15,772.32	646.22
Additions/adjustments (5)	7.44	-	109.92	42.58	740.79	19.27	1.89	24.67	43.20	-	989.76	1,462.71
Deductions/adjustments	-	-	(0.06)	-	(19.96)	(3.59)	-	(11.63)	(3.01)	-	(38.25)	(955.76)
Gross carrying amount as at 31 March 2018	227.01	324.83	1,004.77	1,698.56	12,836.92	109.39	33.48	50.81	329.63	108.43	16,723.83	1,153.17
Accumulated depreciation as at 1 April 2017	-	9.02	63.79	74.42	1,238.95	34.09	14.07	12.55	129.42	22.16	1,598.47	-
Depreciation charge for the year	-	4.51	34.40	44.21	636.89	15.71	6.08	10.78	46.04	11.08	809.70	-
Deductions/adjustments	-	-	(0.02)	-	(5.50)	(1.74)	-	(6.98)	(1.66)	-	(15.90)	-
Accumulated depreciation as at 31 March 2018	-	13.53	98.17	118.63	1,870.34	48.06	20.15	16.35	173.80	33.24	2,392.27	-
Net carrying amount as at 31 March 2018	227.01	311.30	906.60	1,579.93	10,966.58	61.33	13.33	34.46	155.83	75.19	14,331.56	1,153.17

Notes:

- Refer note 17(c) for information on property, plant and equipment are provided as security by the Company.
- Refer note 39(a) for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- Refer note 44 for finance costs capitalised.
- Represent land on long-term lease basis.
- Includes ₹ 18.66 million (31 March 2017: ₹ 15.89 million) in respect of research and development (R&D) assets.
- Capital research and development expenditure aggregating to ₹ 17.96 million (31 March 2017: ₹ 14.30 million) incurred during the year included in additions to fixed assets/capital work-in-progress.
- Addition includes exchange gain of ₹ 4.94 million (31 March 2017: ₹ 3.80 million) (Refer note 45).

Notes to the financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

	Rights	Softwares	Total	Intangible assets under development
4. Other intangible assets and intangible assets under development				
Gross carrying amount as at 1 April 2016	12.24	63.36	75.60	8.52
Additions/adjustments	-	23.84	23.84	23.10
Deductions/adjustments	-	-	-	(23.84)
Gross carrying amount as at 31 March 2017	12.24	87.20	99.44	7.78
Accumulated amortisation as at 1 April 2016	6.99	27.95	34.94	-
Amortisation for the year	5.25	21.62	26.87	-
Accumulated amortisation as at 31 March 2017	12.24	49.57	61.81	-
Net carrying amount as at 31 March 2017	-	37.63	37.63	7.78

(₹ in million)

	Rights	Softwares	Total	Intangible assets under development
Gross carrying amount as at 1 April 2017	12.24	87.20	99.44	7.78
Additions/adjustments	-	25.15	25.15	17.37
Deductions/adjustments	-	-	-	(25.15)
Gross carrying amount as at 31 March 2018	12.24	112.35	124.59	-
Accumulated amortisation as at 1 April 2017	12.24	49.57	61.81	-
Amortisation for the year	-	16.25	16.25	-
Accumulated amortisation as at 31 March 2018	12.24	65.82	78.06	-
Net carrying amount as at 31 March 2018	-	46.53	46.53	-

(₹ in million)

	As at	
	31 March 2018	31 March 2017
5. Non-current investments		
I. Investment in equity shares (at cost)		
Unquoted investments (fully paid up)		
Subsidiary companies:		
375 (31 March 2017: 375) equity shares with no par value		
Jubilant Life Sciences (USA) Inc.	17.11	17.11
326,758,994 (31 March 2017: 326,758,994) equity shares with no par value		
Jubilant Pharma Limited	14,913.01	14,913.01
34,484,000 (31 March 2017: 34,484,000) equity shares of ₹ 10 each		
Jubilant Infrastructure Limited	1,298.82	1,298.82
2,050,000 (31 March 2017: 2,050,000) equity shares of ₹ 10 each		
Jubilant First Trust Healthcare Limited	44.43	44.43
437,503 (31 March 2017: 437,503) equity shares of USD 1 each		
Jubilant Life Sciences International Pte. Limited	3.56	3.56

Notes to the financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

	As at	
	31 March 2018	31 March 2017
99,999 (31 March 2017: 99,999) equity shares with no par value		
Jubilant Life Sciences NV	7.81	7.81
4,650,001 (31 March 2017: 1,050,001) equity shares of USD 1 each		
Drug Discovery and Development Solutions Limited	641.31	406.99
	16,926.05	16,691.73
II. Investment in equity shares (at fair value through other comprehensive income)		
Unquoted investments (fully paid up)		
Other Companies:		
6,569,310 (31 March 2017: 6,569,310) equity shares of ₹ 10 each		
Forum I Aviation Limited	74.96	72.13
	74.96	72.13
III. Investment in preference shares (at cost)		
Preference shares-unquoted (fully paid up)		
Subsidiary companies:		
186,620,000 (31 March 2017: 186,620,000) 12% convertible non-cumulative redeemable preference shares of ₹ 10 each	-	-
Jubilant Biosys Limited (refer note 48)		
6,200,000 (31 March 2017: Nil) 8% convertible non-cumulative redeemable preference shares of ₹ 10 each		
Jubilant Chemsys Limited	62.00	-
Nil (31 March 2017: 2,700,000) 8% convertible non-cumulative redeemable preference shares of ₹ 10 each		
Jubilant Clinsys Limited (Refer note 49)	-	27.00
Nil (31 March 2017: 20,850,000) 6% convertible non-cumulative redeemable preference shares of ₹ 10 each		
Jubilant Clinsys Limited (Refer note 49)	-	208.50
	62.00	235.50
Total non-current investments	17,063.01	16,999.36
Aggregate amount of unquoted investments	17,063.01	16,999.36

(₹ in million)

	As at			
	31 March 2018		31 March 2017	
	Current	Non-current	Current	Non-current
6. Loans				
Unsecured, considered good				
Security deposits	37.89	26.66	63.78	23.78
Loan to related parties (Refer note 37)	162.99	-	111.99	-
Loan to employees	4.88	5.37	5.32	5.76
Total loans	205.76	32.03	181.09	29.54

Notes to the financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

	As at			
	31 March 2018		31 March 2017	
	Current	Non-current	Current	Non-current
7. Other financial assets				
Other bank balances:				
Deposits with maturity after 12 months from the reporting date (1)	-	4.03	-	9.55
Recoverable from related parties (2) (Refer note 37)	177.90	-	682.95	-
Insurance claims receivable	-	-	26.69	-
Interest receivable	0.65	-	39.54	-
Others	219.84	-	74.57	-
Total other financial assets	398.39	4.03	823.75	9.55

Note:

- (1) These deposits have restricted use.
- (2) Including due by directors and private companies having common director aggregating to ₹ 3.43 million (31 March 2017: ₹ 3.37 million).

8. Deferred tax

Deferred income tax reflect the net tax effects of temporary difference between the carrying amount of asset and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant component of the Company's net deferred income tax are as follows:

Deferred tax assets:

(₹ in million)

	Provision for compensated absences and gratuity	Expenditure allowed on actual payment basis	MAT credit entitlement	Accrued expenses and other temporary differences	Total
As at 1 April 2016	206.12	9.87	2,103.19	139.46	2,458.64
(Charged)/credited					
- to Statement of Profit and Loss	8.81	13.38	81.53	(127.90)	(24.18)
- to other comprehensive income	6.79	-	-	-	6.79
As at 31 March 2017	221.72	23.25	2,184.72	11.56	2,441.25
(Charged)/credited					
- to Statement of Profit and Loss*	27.83	(4.02)	(167.59)	4.08	(139.70)
- to advance tax	-	-	(19.43)	-	(19.43)
- to other comprehensive income	15.04	-	-	-	15.04
As at 31 March 2018	264.59	19.23	1,997.70	15.64	2,297.16

* Including MAT credit utilization of ₹ 169.71 million forming part of current tax for the year ended 31 March 2018.

Deferred tax liabilities:

(₹ in million)

	Depreciation and amortisation	Others	Total
As at 1 April 2016	2,190.99	32.91	2,223.90
Charged/(credited)			
- to Statement of Profit and Loss	144.86	(21.50)	123.36
- to other comprehensive income	-	-	-
As at 31 March 2017	2,335.85	11.41	2,347.26

Notes to the financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

	Depreciation and amortisation	Others	Total
Charged/(credited)			
- to Statement of Profit and Loss	159.65	(10.50)	149.15
- to other comprehensive income	-	-	-
As at 31 March 2018	2,495.50	0.91	2,496.41

Reflected in the Balance Sheet as follows:

(₹ in million)

	As at	
	31 March 2018	31 March 2017
Deferred tax assets	2,297.16	2,441.25
Deferred tax liabilities	2,496.41	2,347.26
Deferred tax (liabilities) / asset, net	(199.25)	93.99

Reconciliation of deferred tax (liabilities) / asset (net):

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
Balance as at the commencement of the year	93.99	234.74
Charge during the year recognised in Statement of Profit and Loss (including MAT)*	(288.85)	(147.54)
Transferred to advance tax	(19.43)	-
Credit during the year recognised in OCI	15.04	6.79
Balance as at the end of the year	(199.25)	93.99

* Including MAT credit utilization of ₹ 169.71 million forming part of current tax for the year ended 31 March 2018.

DTA has not been recognized on temporary differences in relation to indexation benefit of investment in subsidiaries and freehold land amounting to ₹ 3,971.99 million (31 March 2017: ₹ 3,747.98 million) and ₹ 69.03 million (31 March 2017: ₹ 81.05 million) respectively, as the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary differences will not reverse in foreseeable future. Further, DTA on temporary differences of capital nature amounting to ₹ 434.74 million (31 March 2017: ₹ 430.56 million) has not been recognized as the management believes it is probable that the temporary differences will not reverse in foreseeable future.

(₹ in million)

	As at	
	31 March 2018	31 March 2017
9. Other non-current assets		
Capital advances	53.93	7.54
Prepaid expenses	265.51	282.35
Total other non-current assets	319.44	289.89

Notes to the financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

	As at	
	31 March 2018	31 March 2017
10. Inventories		
Raw materials *	2,803.91	1,850.81
Work-in-progress	881.54	652.58
Finished goods	1,377.64	1,415.57
Stock-in-trade	19.49	29.48
Stores and spares *	193.41	176.73
Others- process chemicals and fuels *	579.81	419.13
Total inventories	5,855.80	4,544.30
* Goods-in-transit included in above		
Raw materials	640.10	257.14
Stores and spares	17.19	6.25
Others- process chemicals and fuels	95.11	50.21
Total goods-in-transit	752.40	313.60
Total write down of inventories recognised during the year	8.55	36.04

(₹ in million)

	As at	
	31 March 2018	31 March 2017
11. Current Investments		
Investment in preference shares (at cost)		
Preference shares-unquoted (fully paid up)		
Subsidiary companies:		
Nil (31 March 2017: 3,500,000) 8% convertible non-cumulative redeemable preference shares of ₹ 10 each		
Jubilant Clinsys Limited (Refer note 49)	-	35.00
Nil (31 March 2017: 6,200,000) 8% convertible non-cumulative redeemable preference shares of ₹ 10 each		
Jubilant Chemsys Limited	-	62.00
Total current investments	-	97.00
Aggregate amount of unquoted investments	-	97.00

(₹ in million)

	As at	
	31 March 2018	31 March 2017
12. Trade receivables		
Unsecured and current		
Trade receivables	2,881.44	2,210.99
Receivables from related parties (Refer note 37)	2,062.32	1,651.36
Less: Expected credit loss allowance (Refer note 34)	(7.15)	(5.69)
Total trade receivables	4,936.61	3,856.66

Notes to the financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

	As at	
	31 March 2018	31 March 2017
13(a). Cash and cash equivalents		
Balances with banks		
- in current accounts	284.67	394.21
- in dividend accounts	49.76	45.57
- on deposit accounts with original maturity up to three months	-	280.15
Cash on hand	0.45	0.88
Cheques/ drafts on hand	14.80	2.93
Others		
- Funds in transit	14.97	35.33
- Imprest	0.02	0.79
Total cash and cash equivalents (1)	364.67	759.86

Note:

(1) ₹ 49.76 million (31 March 2017: ₹ 45.63 million) has restricted use.

(2) Disclosure on Specified Bank Notes (SBN)

During the previous year, the Company had SBN or other denomination notes as defined in the MCA notification, G.S.R.308(E), dated 31 March 2017. The details of SBNs held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination-wise SBNs and other notes as per the notification are as follows:

(₹ in million)

	SBNs (1)	Other denomination Notes	Total
Closing cash in hand as on 08 November 2016	0.62	0.15	0.77
(+) Permitted receipts	-	1.29	1.29
(-) Permitted payments	-	(1.00)	(1.00)
(-) Amount deposited in banks	(0.62)	(0.01)	(0.63)
Closing cash in hand as on 30 December 2016	-	0.43	0.43

For the purpose of above disclosure, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated 8 November 2016. The SBNs are no longer in existence. Hence, the Company has not provided the corresponding disclosures for current year as prescribed in Schedule III to the Companies Act, 2013.

(₹ in million)

	As at	
	31 March 2018	31 March 2017
13(b). Other bank balances		
Deposit accounts with maturity up to twelve months from the reporting date-held as margin money	10.40	6.70
Total other bank balances (1)	10.40	6.70

Note:

(1) These have restricted use.

(₹ in million)

	As at	
	31 March 2018	31 March 2017
14. Other current assets		
Prepaid expenses	77.76	119.38
Recoverable from/balance with government authorities (Refer note 43)	1,134.01	856.38
Advance to employees	4.72	2.90
Advance for supply of goods and services	237.32	145.01
Assets held for sale (1)	31.08	47.71
Others	2.35	2.35
Total other current assets	1,487.24	1,173.73

Note:

(1) Represents property, plant and equipment which are not considered for active use and are expected to be sold in due course.

Notes to the financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

	As at	
	31 March 2018	31 March 2017
15. Equity share capital		
Authorised		
655,000,000 (31 March 2017 : 655,000,000) equity shares of ₹ 1 each	655.00	655.00
	655.00	655.00
Issued and subscribed		
159,313,139 (31 March 2017 : 159,313,139) equity shares of ₹ 1 each	159.31	159.31
	159.31	159.31
Paid up capital		
159,281,139 (31 March 2017 : 159,281,139) equity shares of ₹ 1 each	159.28	159.28
Add: Equity shares forfeited (paid up)	0.02	0.02
	159.30	159.30

Movement in equity share capital:

	As at 31 March 2018		As at 31 March 2017	
	Number	₹ in million	Number	₹ in million
At the commencement and at the end of the year	159,281,139	159.28	159,281,139	159.28

Terms and rights attached to equity shares:

The Company has only one class of shares referred to as equity shares having par value of ₹ 1 each. Holder of each equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Details of shareholders holding more than 5% shares in the Company:

Equity shares of ₹ 1 each fully paid-up held by	As at 31 March 2018		As at 31 March 2017	
	Number	% of total shares	Number	% of total shares
Jubilant Stock Holding Private Limited	21,871,992	13.73%	21,871,992	13.73%
SSB Consultants & Management Services Private Limited	21,007,665	13.19%	21,007,665	13.19%
HSB Corporate Consultants Private Limited	18,698,979	11.74%	18,698,979	11.74%

Others:

- 114,835 (31 March 2017: 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, 2005". (Refer note 47).
- Under the Jubilant Employees Stock Option 2005 Plan as at 31 March 2018 - Nil (31 March 2017: 2,867) outstanding options are convertible into Nil (31 March 2017: 14,335) shares. (Refer note 47).
- Under the Jubilant Employees Stock Option 2011 Plan as at 31 March 2018 - 32,216 (31 March 2017: 71,185) outstanding options are convertible into 32,216 (31 March 2017: 71,185) shares. (Refer note 47).

16. Nature and purpose of other equity

- Capital reserve*
Accumulated capital surplus not available for distribution of dividend and expected to remain invested permanently.
- Securities premium reserve*
The unutilized accumulated excess of issue price over face value on issue of shares. This reserve is utilised in accordance with the provisions of the Act.

Notes to the financial statements for the year ended 31 March 2018 (Continued)

- Capital redemption reserve*

Capital redemption reserve represents the unutilized accumulated amount set aside at the time of redemption of preference shares. This reserve is utilised in accordance with the provisions of the Act.
- Amalgamation reserve*

Amalgamation reserve represents the unutilized accumulated surplus created at the time of amalgamation of another company with the Company. This reserve is not available for distribution of dividend and is expected to remain invested permanently.
- General reserve*

This represents appropriation of profit by the Company and is available for distribution of dividend.
- Debenture redemption reserve*

The Company is required to create a debenture redemption reserve out of the profits prior to the redemption of debentures. This reserve is available for distribution of dividend post redemption of debentures.
- Share based payment reserve*

The fair value of the equity settled share based payment transactions with employees is recognised in Statement of Profit and Loss with corresponding credit to share based payment reserve. Further, equity settled share based payment transaction with employees of subsidiary is recognised in investment of subsidiaries with corresponding credit to Share based payment reserve. Corresponding balance of a share based payment reserve is transferred to general reserve upon expiry of grants or upon exercise of stock options by an employee, as the Company is operating the Employee Stock Option schemes through Jubilant Employees Welfare Trust, which has purchased share from the secondary market.
- Foreign Currency Monetary Item Translation Difference Account (FCMITDA)*

This represent accumulated Monetary Item Translation Difference of long-term foreign currency monetary items to be amortised over the period in which long-term foreign currency monetary items is payable.
- Equity instrument through OCI*

The Company has elected to recognize changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the equity instrument through OCI within equity. The Company transfers amount therefrom to retained earnings when the relevant equity securities are derecognized.

(₹ in million)

	As at	
	31 March 2018	31 March 2017
17(a). Non-current borrowings		
Secured debentures		
Secured rated listed non-convertible debentures	3,938.56	4,930.32
Term loans		
From banks		
Indian rupee loans (secured)	2,168.32	3,669.20
From other parties		
Indian rupee loans (secured)	1,118.53	1,859.36
From related parties		
Indian rupee loans from subsidiaries (unsecured)	3,342.40	3,392.40
Long term maturity of finance lease obligations (secured)	26.00	18.89
Total non-current borrowings	10,593.81	13,870.17
Add: Current maturities of non-current borrowings (Refer note 20)	1,727.74	1,328.41
Add: Current maturities of financial lease obligations (Refer note 20)	11.54	8.73
Total Non-current borrowings (including current maturities)	12,333.09	15,207.31

Notes to the financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

	As at	
	31 March 2018	31 March 2017
17(b). Current borrowings		
Loans repayable on demand		
From banks		
Secured	38.19	43.47
Unsecured	1,617.22	1,696.28
From related parties(unsecured)	251.00	31.00
Total current borrowings	1,906.41	1,770.75

17 a Nature of security of non-current borrowings and other terms of repayment

- 17(a) (i) Indian rupee term loans amounting to ₹ 2,177.90 million (31 March 2017: ₹ 3,849.00 million) from Axis Bank Limited, RBL Bank Limited and Non-Convertible Debentures amounting ₹ 4,950.00 million (31 March 2017: ₹ 4,950.00 million) and External commercial borrowings amounting to ₹ Nil (31 March 2017: ₹ 1,199.72 million) from DBS Bank Limited, Singapore are secured by a first pari-passu charge created/to be created amongst the lenders by way of:
- 1) Mortgage on the immovable fixed assets, both present and future, situated at:
 - (a) Bhartiagram, Tehsil Dhanora, District Amroha, Uttar Pradesh, India, save and except the following immovable fixed assets from mortgage:
 - (i) Land measuring 90,124.24 square meters together with all the buildings and structures thereon situated in the revenue estate of Village Naipura Khadar and Tigariya Bhoor, Tehsil Dhanora, District Amroha, Uttar Pradesh, India, being under common title deeds with other Group companies;
 - (ii) Land measuring 5.56 Acres (equivalent to 2.253 Hectares) together with all the buildings and structures thereon situated in the revenue estate of Village Fazalpur Gosai, Tehsil Dhanora, District Amroha, Uttar Pradesh, India; and
 - (iii) Leasehold Land, being plot no. A-4/2 measuring 157,509 square meters, together with all the buildings and structures thereon situated in UPSIDC Industrial Area II, Gajraula, Tehsil Dhanora, District Amroha, Uttar Pradesh, India, being under common lease deed with other Group companies;
 - (b) Village Samlaya, Taluka Savli, District Vadodra, Gujarat, India; and
 - 2) Hypothecation on the entire movable fixed assets, both present and future of the Company.
- 17(a) (ii) Indian rupee term loan amounting to ₹ 1,875.00 million (31 March 2017: ₹ 1,875.00 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, Ambarnath and also at Bharuch owned by one of the subsidiaries of the Company.
- 17(a) (iii) Non-convertible debentures amounting to ₹ 4,950.00 million (31 March 2017: ₹ 4,950.00 million repayable in four yearly installments) is repayable in four yearly installments as given below:
- a. 8.20% Non-convertible debentures of ₹ 1,000 million repayable on 27 January 2019.
 - b. 8.47% Non-convertible debentures of ₹ 1,000 million repayable on 27 January 2020.
 - c. 8.65% Non-convertible debentures of ₹ 1,500 million repayable on 27 January 2021.
 - d. 8.88% Non-convertible debentures of ₹ 1,450 million repayable on 27 January 2022.
- 17(a) (iv) Indian rupee term loan amounting to ₹ 1,575.00 million (31 March 2017: ₹ 2,575.00 million repayable in five half yearly installments from March 2020) from Axis Bank Limited is repayable in three half yearly installments from March 2021.
- 17(a) (v) Indian rupee term loan amounting to ₹ 602.90 million (31 March 2017: ₹ 1,274.00 million repayable in nineteen quarterly installments from June 2017) from RBL Bank Limited is repayable in eight quarterly installments from March 2020.
- 17(a) (vi) External commercial borrowing amounting to USD Nil (₹ Nil) (31 March 2017: USD 18.50 million (₹ 1,199.72 million) repayable in December 2017) from DBS Bank Limited, Singapore has been repaid during the year.

Notes to the financial statements for the year ended 31 March 2018 (Continued)

- 17(a) (vii) Indian rupee term loan amounting to ₹ 1,875.00 million (31 March 2017: ₹ 1,875.00 million repayable in five equal half yearly installments from September 2018) from Housing Development Finance Corporation Limited is repayable in five equal half yearly installments from September 2018.
- 17(a) (viii) Loans from subsidiaries are repayable at end of five years from the date of respective disbursement and carry interest rate ranging from 6.75% to 9.75% (31 March 2017: 8.25 % to 9.75% per annum).
- 17(a) (ix) Finance lease obligations are secured by hypothecation of specific assets taken under such lease. The same are repayable within five years.
- 17(a)(x) The term loans carry floating interest rate calculated in accordance with the terms of the arrangement which is a specified benchmark rate (reset at periodic intervals), adjusted for agreed spread. During the year ended 31 March 2018, the interest rate on Indian currency loans and foreign currency loans range from 7.90 % to 9.75% per annum (31 March 2017: 7.95 % to 12.75% per annum) and 4.46 % to 5.16 % per annum (31 March 2017: 4.41 % to 5.18 % per annum), respectively.

The composition of property, plant and equipment and current assets as mentioned above are defined in detail in the respective financing/credit arrangements.

17 b. Nature of security of Current borrowings and other terms of repayment

- 17(b) (i) Working capital facilities (including cash credit) sanctioned by consortium of banks and notified financial institutions 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. Working capital loans are repayable as per terms of agreement within one year.
- 17(b) (ii) Short term loans are availed in Indian rupees and in foreign currency which carry floating interest rate calculated in accordance with the terms of the arrangement which is a specified benchmark rate (reset at periodic intervals), adjusted for agreed spread. During the year ended 31 March 2018, the interest rate on Indian currency loans and foreign currency loans range from 5.95 % to 11.65% per annum (31 March 2017: 6.09 % to 13.00% per annum) and 1.10 % to 3.78 % per annum (31 March 2017: NA), respectively.

The composition of property, plant and equipment and current assets as mentioned above are defined in detail in the respective financing/credit arrangements.

- 17 c. Property, plant and equipment, inventory and other financial assets with a carrying amount of ₹ 14,175.80 million (31 March 2017: ₹ 14,035.69 million), ₹ 5,855.80 million (31 March 2017: ₹ 4,544.30 million), ₹ 4,936.61 million (31 March 2017: ₹ 3,856.66 million) respectively are provided security against borrowing at year end.

(₹ in million)

	31 March 2018
17 d. Analysis of movement in borrowings	
Borrowings at the beginning of the year	16,978.06
Movement due to cash transactions per the Statement of Cash Flows	(2,778.41)
Movement due to non-cash transactions:	
- Foreign exchange movement	(6.75)
- Effective interest rate accounting	36.68
- Assets taken on lease	9.92
Borrowings at the end of the year	14,239.50

(₹ in million)

	As at			
	31 March 2018		31 March 2017	
	Current	Non-current	Current	Non-current
18. Provisions				
Unsecured, considered good				
Provision for employee benefits (Refer note 32)	183.49	573.71	133.88	506.88
Total provisions	183.49	573.71	133.88	506.88

Notes to the financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

	As at	
	31 March 2018	31 March 2017
19. Trade payables		
Current		
Trade payables (Refer note 31)	7,187.68	4,690.83
Trade payables to related parties (Refer note 37)	304.10	178.28
Total trade payables	7,491.78	4,869.11

(₹ in million)

	As at	
	31 March 2018	31 March 2017
20. Other current financial liabilities		
Current maturities of non-current borrowings [Refer note 17(a)]	1,727.74	1,328.41
Current maturities of finance lease obligations [Refer note 17(a)]	11.54	8.73
Interest accrued but not due on borrowings	113.41	118.89
Unpaid dividend	49.76	45.57
Security deposit	25.79	27.03
Capital creditors	219.72	156.52
Employee benefits payable	275.72	255.96
Other payables	49.72	9.00
Total other current financial liabilities	2,473.40	1,950.11

(₹ in million)

	As at	
	31 March 2018	31 March 2017
21. Other current liabilities		
Advance from customers	71.77	62.85
Statutory dues payables	157.26	230.36
Total other current liabilities	229.03	293.21

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
22. Revenue from operations		
Sale of products (including excise duty)		
- Finished goods	31,114.06	24,170.19
- Traded goods	1,841.08	1,593.70
Sale of services	22.12	25.61
Other operating revenue (Refer note 43)	452.81	440.35
Total revenue from operations	33,430.07	26,229.85

Note:

Revenue from operations for the current year is not comparable with previous year since the same is net of Goods and Services Tax (GST) w.e.f. 1 July 2017, whereas revenue includes excise duty upto 30 June 2017.

Notes to the financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
23. Other income		
Interest income	15.76	58.23
Dividend from a subsidiary company	120.69	192.92
Net gain on disposal of property, plant and equipment	-	85.32
Net foreign exchange income	126.20	-
Other non-operating income	199.47	182.48
Total other income	462.12	518.95

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
24. Cost of materials consumed		
Raw materials consumed	16,444.51	12,443.45
Total cost of materials consumed	16,444.51	12,443.45

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
24(a). Purchase of stock-in-trade		
Purchase of stock-in-trade	1,540.52	1,196.94
Total purchase of stock-in-trade	1,540.52	1,196.94

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
25. Changes in inventories of finished goods, stock-in-trade and work-in-progress		
Opening balance		
Work-in-progress	652.58	470.30
Finished goods	1,415.57	980.95
Stock-in-trade	29.48	16.56
Total opening balance	2,097.63	1,467.81
Closing balance		
Work-in-progress	881.54	652.58
Finished goods	1,377.64	1,415.57
Stock-in-trade	19.49	29.48
Total closing balance	2,278.67	2,097.63
Increase in inventories of finished goods, stock-in-trade and work-in-progress	(181.04)	(629.82)
Adjustment on account of capitalisation/insurance claim	-	59.67
Total changes in inventories of finished goods, stock-in-trade and work-in-progress	(181.04)	(570.15)

Notes to the financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
26. Employee benefits expense		
Salaries, wages, bonus, gratuity and allowances	2,373.08	2,034.82
Contribution to provident fund, superannuation and other funds	123.21	105.82
Employee share-based payment expense	-	0.01
Staff welfare expenses	147.86	122.43
Total employee benefits expense	2,644.15	2,263.08

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
27. Finance costs		
Interest expense	1,292.87	1,638.26
Other finance costs	50.45	104.29
Exchange differences to the extent considered as adjustment to finance costs	8.39	-
Total finance costs	1,351.71	1,742.55

Note:

(1) Refer note 44 for finance costs capitalised.

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
28. Depreciation and amortisation expense		
Depreciation of property, plant and equipment	809.70	784.41
Amortisation of intangible assets	16.25	26.87
Total depreciation and amortisation expense	825.95	811.28

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
29. Other expenses		
Power and fuel	3,398.00	2,681.75
Consumption of stores and spares and packing materials	1,207.46	1,055.34
Processing charges	124.73	110.90
Excise duty related to (decrease)/increase in inventory of finished goods	(92.81)	32.04
Rental charges	140.22	144.77
Rates and taxes	67.48	32.80
Insurance	26.46	32.46
Advertisement, publicity and sales promotion	62.57	58.43
Travel and conveyance	182.46	155.54
Repairs and maintenance:		
i. Plant and machinery	769.68	717.49
ii. Buildings	41.26	58.04
iii. Others	112.18	103.87
Office expenses	110.55	108.74
Vehicle running and maintenance	28.65	24.02
Printing and stationery	12.72	10.87
Telephone and communication charges	22.75	24.89

Notes to the financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
Staff recruitment and training	25.73	23.69
Donation [including corporate social responsibility expenditure (Refer note 41)]	70.94	131.94
Payments to auditors (refer note 29(a) below)	8.46	8.25
Legal and professional fees	137.04	127.14
Freight and forwarding (including ocean freight)	514.19	428.57
Subscription	15.21	14.05
Claims and other selling expenses	60.37	56.69
Commission on sales	40.02	38.15
Provision/write off bad debts/irrecoverable advances (net)	0.59	-
Amortisation of foreign currency monetary item translation difference	5.26	61.67
Net foreign exchange/mark to market loss	-	45.51
Miscellaneous expenses	130.45	111.18
Total other expenses	7,222.62	6,398.79

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
29(a). Details of payment to auditors (excluding applicable taxes and including out of pocket expenses)		
As auditor:		
Audit fee	3.50	3.00
Certification fees and other services	4.96	5.25
Total payment to auditors	8.46	8.25

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
29(b). Research and development expenses (excluding finance cost, depreciation and amortisation) comprises as mentioned here under:		
Cost of material consumed	19.19	13.46
Employee benefits expense	125.49	106.55
Utilities- power	4.37	4.16
Other expenses	33.00	37.47
	182.05	161.64

30. Income tax

The major components of income tax expense for the years ended 31 March 2018 and 31 March 2017 are:

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
Profit or loss section		
Current income tax:		
Current income tax charge for the year	927.05	205.73
Adjustments in respect of current income tax of previous years	(3.67)	-
	923.38	205.73

Notes to the financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
Deferred tax:		
Deferred tax on profits for the year	113.95	114.77
Adjustments in respect of deferred tax of previous years	7.31	114.30
	121.26	229.07
MAT credit:		
MAT credit on profits for the year	-	(64.92)
Adjustments in respect of MAT credit of previous years	(2.12)	(16.61)
	(2.12)	(81.53)
Income tax expense reported in the Statement of Profit and Loss	1,042.52	353.27
OCI section:		
Tax related to items that will not be reclassified to Profit & Loss	15.04	6.79
Income tax charged to OCI	15.04	6.79

Reconciliation between average effective tax rate and applicable tax rate for the year ended 31 March 2018 and 31 March 2017:

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
Accounting profit before income tax	3,676.94	1,145.21
At India's statutory income tax rate of 34.608% (31 March 2017: 34.608%)	1,272.52	396.33
- Effect of non-deductible expenses and exempt income	(230.61)	(67.78)
- Incremental allowance for research and development and other capital expenditure	(20.88)	(78.82)
- Effect of prior year re-assessments	1.52	97.69
- Effect of rate change on deferred tax	21.12	-
- Others	(1.15)	5.85
Income tax expense reported in the Statement of Profit and Loss	1,042.52	353.27

During the year ended 31 March 2018 and 31 March 2017, the Company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax (DDT) to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity. Distribution tax on dividend represents distribution tax on dividend paid during the year ended 31 March 2018 amounting to ₹ 97.28 million (31 March 2017: ₹ 97.28 million) net off, distribution tax amounting to ₹ 24.57 million on dividend received during the year ended 31 March 2018 (31 March 2017: ₹ 39.27 million) from subsidiary companies.

31. Micro, small and medium enterprises

There are no micro, small and medium enterprises, to whom the company owes dues, which are outstanding for more than 45 days as at the end of year. The information as required to be disclosed in relation to micro, small and medium enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

(₹ in million)

	As at	
	31 March 2018	31 March 2017
The principal amount remaining unpaid to any supplier as at the end of the year	24.03	20.47
The interest due on principal amount remaining unpaid to any supplier as at the end of the year	-	-
The amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-

Notes to the financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

	As at	
	31 March 2018	31 March 2017
The 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 Act	-	-
The amount of interest accrued and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under the MSMED Act	-	-

32. Employee benefits in respect of the Company have been calculated as under:

(A) Defined Contribution Plans

The Company has certain defined contribution plan such as provident fund, employee state insurance, employee pension scheme, employee superannuation fund wherein specified percentage is contributed to these plans. During the year, the Company has contributed following amounts to:

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
Employer's contribution to provident fund (1)	7.88	6.84
Employer's contribution to employee's pension scheme	29.94	29.53
Employer's contribution to superannuation fund	6.98	7.21
Employer's contribution to employee state insurance	3.32	1.55

(1) For certain employees where Provident Fund is deposited with government authority e.g. Regional Provident Fund Commissioner.

(B) Defined Benefit Plans

i. Gratuity

In accordance with Ind AS 19 "Employee Benefits", an actuarial valuation has been carried out in respect of gratuity. The discount rate assumed is 7.70% p.a. (31 March 2017: 7.50% p.a.) 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 (31 March 2017: 58 years) and mortality table is as per IALM (2006-08) (31 March 2017: IALM (2006-08)).

The estimates of future salary increases, considered in actuarial valuation is 10% p.a. for first three years and 6% p.a. thereafter (31 March 2017: 10% p.a. for first three years and 6% p.a. thereafter), taking into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The plans assets are maintained with Life Insurance Corporation of India in respect of gratuity scheme for certain employees of a unit of the Company. The details of investments maintained by Life Insurance Corporation are not available with the Company, hence not disclosed. The expected rate of return on plan assets is 7.70% p.a. (31 March 2017: 7.50 % p.a.).

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

(₹ in million)

	31 March 2018	31 March 2017
Present value of obligation at the beginning of the year	440.16	410.82
Current service cost	44.64	38.61
Interest cost	33.01	31.81
Actuarial loss	43.09	19.65
Benefits paid	(34.48)	(60.73)
Present value of obligation at the end of the year	526.42	440.16

Notes to the financial statements for the year ended 31 March 2018 (Continued)

Reconciliation of the present value of defined benefit obligation and the fair value of the plan assets:

(₹ in million)

	As at	
	31 March 2018	31 March 2017
Present value of obligation at the end of the year	526.42	440.16
Fair value of plan assets at the end of the year	(5.22)	(5.44)
Net liabilities recognised in the Balance Sheet	521.20	434.72

Fair value of plan assets**:

(₹ in million)

	31 March 2018	31 March 2017
Plan assets at the beginning of the year	5.44	5.69
Expected return on plan assets	0.41	0.45
Contribution by employer	-	0.03
Actual benefits paid	(0.66)	(0.77)
Actuarial gain	0.03	0.04
Plan assets at the end of the year	5.22	5.44

** In respect of one location, the plan assets were invested in insurer managed funds.

Company's best estimate of contribution during next year is ₹ 87.19 million (31 March 2017: ₹ 74.52 million)

Expense recognised in the Statement of Profit and Loss under employee benefits expense:

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
Current service cost	44.64	38.61
Interest cost	32.60	31.36
Expense recognised in the Statement of Profit and Loss	77.24	69.97

Amount recognised in the other comprehensive income:

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
Actuarial (gain)/loss due to demographic assumption change	(1.32)	1.25
Actuarial (gain)/loss due to financial assumption change	(2.47)	5.66
Actuarial loss due to experience adjustment	46.88	12.74
Actuarial (gain) on plan assets	(0.03)	(0.04)
Amount recognised in the other comprehensive income	43.06	19.61

Sensitivity analysis

Discount rate

	31 March 2018		31 March 2017	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit	(11.76)	12.36	(10.15)	10.65

Future salary increase

	31 March 2018		31 March 2017	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit	12.42	(11.93)	10.70	(10.29)

The sensitivity analysis above has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant.

Notes to the financial statements for the year ended 31 March 2018 (Continued)

ii. Provident Fund:

The Company makes monthly contributions to provident fund managed by trust for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. As per Ind AS 19 on "Employee Benefits", employer established provident fund trusts are treated as defined benefit plans, since the Company is obliged to meet interest shortfall, if any, with respect to covered employees. The total liability of ₹ Nil (31 March 2017: ₹ Nil) as worked out by the actuary has been allocated to each entity based on the corpus value of each entity as at 31 March 2018. Accordingly, liability of ₹ Nil (31 March 2017: ₹ Nil) has been allocated to Company and ₹ Nil (31 March 2017: ₹ Nil) has been charged to Statement of Profit and Loss during the year.

Actuarial assumptions made to determine interest rate guarantee on exempt provident fund liabilities are as follows:

	As at	
	31 March 2018	31 March 2017
Discount rate	7.70%	7.50%
Guaranteed rate of return	8.55%	8.65%

The Company has contributed ₹ 85.79 million to provident fund (31 March 2017: ₹ 72.28 million) for the year.

(C) Other long term benefits (Compensated absences):

(₹ in million)

	As at	
	31 March 2018	31 March 2017
Present value of obligation at the end of the year	236.00	206.04

33. Fair value measurements

(₹ in million)

	Notes	Level of hierarchy	Carrying value as at		Fair value as at	
			31 March 2018	31 March 2017	31 March 2018	31 March 2017
Financial assets						
FVTOCI						
Investments in Equity instruments (excluding investment in subsidiaries)	(d)	3	74.96	72.13	74.96	72.13
Amortised Cost						
Trade receivables	(a)		4,936.61	3,856.66	4,936.61	3,856.66
Loans	(a, b)		237.79	210.63	237.79	210.63
Cash and cash equivalents	(a)		364.67	759.86	364.67	759.86
Other bank balances	(a)		10.40	6.70	10.40	6.70
Other financial assets	(a, b)		402.42	833.30	402.42	833.30
Total financial assets			6,026.85	5,739.28	6,026.85	5,739.28
Financial liabilities						
Amortised Cost						
Secured rated listed non-convertible debentures	(c)	1	4,930.33	4,922.26	4,843.57	4,847.68
Other borrowings	(a, c)	3	9,309.17	12,055.80	9,257.56	12,168.90
Trade payables	(a)		7,491.78	4,869.11	7,491.78	4,869.11
Other financial liabilities	(a)		734.12	612.97	734.12	612.97
Total financial liabilities			22,465.40	22,460.14	22,327.03	22,498.66

The following methods / assumptions were used to estimate the fair values:

- Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.

Notes to the financial statements for the year ended 31 March 2018 (Continued)

- (b) Fair valuation of non-current financial assets has been disclosed to be same as carrying value as there is no significant difference between carrying value and fair value.
- (c) Fair value of quoted financial instruments (listed debentures) is based on quoted market price at the reporting date. The fair value of other long-term borrowings is estimated by discounting future cash flows using current rates (applicable to instruments with similar terms, currency, credit risk and remaining maturities) to discount the future payouts.
- (d) The fair value is determined by using the valuation model/technique with observable/non-observable inputs and assumptions.

There are no transfers between Level 1, Level 2 and Level 3 during the year ended 31 March 2018 and 31 March 2017.

Reconciliation of Level 3 fair value measurement: (₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
Opening balance	72.13	68.32
Gain recognized in other comprehensive income	2.83	3.81
Closing balance	74.96	72.13

34. Financial risk management

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company, through three layers of defense namely policies and procedures, review mechanism and assurance aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Audit committee of the Board with top management oversees the formulation and implementation of the Risk management policies. The risks are identified at business unit level and mitigation plan are identified, deliberated and reviewed at appropriate forums.

The Company has exposure to the following risks arising from financial instruments:

- credit risk (see (i));
- liquidity risk (see (ii)); and
- market risk (see (iii)).

i. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans and investments.

The carrying amount of financial assets represents the maximum credit risk exposure.

Trade receivables and other financial assets

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and business intelligence. Sale limits are established for each customer and reviewed annually. Any sales exceeding those limits require approval from the appropriate authority as per policy.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are an institutional, dealers or end-user customer, their geographic location, industry, trade history with the Company and existence of previous financial difficulties.

With respect to trade receivables, based on internal assessment which is driven by the historical experience/current facts available in relation to default and delays in collection thereof, the credit risk for trade receivables is considered low. The Company estimates its allowance for trade receivable using lifetime expected credit loss. The balance past due for more than 6 month (net of expected credit loss allowance), excluding receivable from group companies is ₹ Nil (31 March 2017: ₹ Nil)

Notes to the financial statements for the year ended 31 March 2018 (Continued)

Movement in the expected credit loss allowance of trade receivables are as follows:

	(₹ in million)	
	31 March 2018	31 March 2017
Balance at the beginning of the year	5.69	10.33
Add: Provided during the year (net of reversal)	1.98	(4.64)
Less: Amount written off *	(0.52)	-
Balance at the end of the year	7.15	5.69

* Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company.

Expected credit loss on financial assets other than trade receivables:

With regards to all financial assets with contractual cash flows other than trade receivable, management believes these to be high quality assets with negligible credit risk. The management believes that the parties, from which these financial assets are recoverable, have strong capacity to meet the obligations and where the risk of default is negligible and accordingly no provision for expected credit loss has been provided on these financial assets. Break up of financial assets other than trade receivables have been disclosed in Balance Sheet.

ii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's treasury department is responsible for managing the short term and long term liquidity requirements. Short term liquidity situation is reviewed daily by treasury department. Longer term liquidity position is reviewed on a regular basis by the Board of Directors and appropriate decisions are taken according to the situation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and exclude the impact of netting agreements.

As at 31 March 2018	Carrying Amount	Contractual Cash flows		
		Total	Within 1 year	More than 1 year
Non-derivative financial liabilities				
Borrowings (1)	14,239.50	14,289.25	3,667.95	10,621.30
Trade payables	7,491.78	7,491.78	7,491.78	-
Other financial liabilities	734.12	734.12	734.12	-

As at 31 March 2017	Carrying Amount	Contractual Cash flows		
		Total	Within 1 year	More than 1 year
Non-derivative financial liabilities				
Borrowings (1)	16,978.06	17,064.50	3,135.21	13,929.29
Trade payables	4,869.11	4,869.11	4,869.11	-
Other financial liabilities	612.97	612.97	612.97	-

Note:

(1) Carrying amount presented as net of unamortised transaction cost.

iii. Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Notes to the financial statements for the year ended 31 March 2018 (Continued)

Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the functional currency of the Company. The currencies in which the Company is exposed to risk are USD, EUR, CAD and Other.

The Company follows a natural hedge driven currency risk mitigation policy to the extent possible. Any residual risk is evaluated and appropriate risk mitigating steps are taken, including but not limited to, entering into forward contract and interest rate swap.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

(₹ in million)

	As at 31 March 2018				As at 31 March 2017			
	USD	EUR	CAD	OTHER	USD	EUR	CAD	OTHER
Cash and cash equivalents	227.89	-	-	-	79.22	-	-	-
Trade receivables	1,523.03	1,019.58	-	-	1,367.04	730.32	-	-
Other financial assets	97.27	8.08	29.85	-	330.78	6.93	309.04	-
Trade payables	(4,531.03)	(35.42)	-	(2.96)	(2,922.79)	(21.72)	-	(19.77)
Borrowings	(617.22)	-	-	-	(1,199.73)	-	-	-
Net statement of financial position exposure	(3,300.06)	992.24	29.85	(2.96)	(2,345.48)	715.53	309.04	(19.77)

Sensitivity analysis

A reasonably possible strengthening (weakening) of the EUR, USD, CAD and other against all other currencies at year end would have affected the measurement of financial exposure denominated in a foreign currency and affected profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact on forecast sales and purchases.

(₹ in million)

	Profit or loss (before tax)	
	Strengthening	Weakening
31 March 2018		
USD (1% movement)	(33.00)	33.00
EUR (1% movement)	9.92	(9.92)
CAD (1% movement)	0.30	(0.30)
Other (1% movement)	(0.03)	0.03
31 March 2017		
USD (1% movement)	(23.89)	23.89
EUR (1% movement)	7.16	(7.16)
CAD (1% movement)	3.09	(3.09)
Other (1% movement)	(0.20)	0.20

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Company are principally denominated in rupees and US dollars with a mix of fixed and floating rates of interest. The Company has exposure to interest rate risk, arising principally on changes in base lending rate and LIBOR rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

Notes to the financial statements for the year ended 31 March 2018 (Continued)

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:

	(₹ in million)	
	As at	
	31 March 2018	31 March 2017
Fixed-rate borrowings	9,080.94	11,275.03
Floating rate borrowings	5,208.31	5,789.47
Total borrowings (gross of transaction cost)	14,289.25	17,064.50

The sensitivity analysis below have been determined based on the exposure to interest rates for floating rate liabilities assuming the amount of the liability outstanding at the year-end was outstanding for the whole year.

If interest rates had been 25 basis points higher / lower and all other variables were held constant, the Company's profit before tax for the year ended 31 March 2018 would decrease / increase by ₹ 13.02 million (31 March 2017: ₹ 14.46 million). This is mainly attributable to the Company's exposure to interest rates on its floating rate borrowings.

35. Capital management

(a) Risk management

The Company's objectives when managing capital are to:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for its shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents and other bank balances) divided by Total equity (as shown in the Balance Sheet).

The gearing ratios were as follows:

	(₹ in million)	
	As at	
	31 March 2018	31 March 2017
Net debt	13,864.43	16,211.50
Total equity	22,493.82	20,428.07
Net debt to equity ratio	0.62	0.79

(b) Dividends

	(₹ in million)	
	31 March 2018	31 March 2017
(i) Equity shares		
Final dividend for the year ended 31 March 2017 of ₹ 3 per fully paid equity share (31 March 2016 of ₹ 3 per fully paid up equity share)	575.12	575.12
(ii) Dividend not recognised at the end of the reporting period	576.07	575.12
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of ₹ 3 per fully paid equity share (31 March 2017: ₹ 3). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.		

Notes to the financial statements for the year ended 31 March 2018 (Continued)

36. Segment information

Business Segments

The Chairman and Co-Chairman and Managing Director of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments. Operating Segments have been defined and presented based on the regular review by the CODM to assess the performance of each segment and to make decision about allocation of resources. Accordingly, the Company has determined reportable segment by nature of its product and service, accordingly following are the reportable segments:

- Pharmaceuticals:** Indian Branded Pharmaceuticals.
- Life Sciences Ingredients:** Specialty Intermediates, Nutritional Products and Life Science Chemicals.

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

No operating segments have been aggregated to form the above reportable operating segments.

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and not allocable to segments on reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

Finance costs and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a Company basis.

Borrowings, current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a Company basis.

(₹ in million)

	For the year ended 31 March 2018			For the year ended 31 March 2017		
	Total segment revenue	Inter-segment revenue	Revenue from external customer	Total segment revenue	Inter-segment revenue	Revenue from external customer
Revenue						
Pharmaceuticals	179.02	-	179.02	183.21	-	183.21
Life Science Ingredients	33,251.05	-	33,251.05	26,046.64	-	26,046.64
Total segment revenue	33,430.07	-	33,430.07	26,229.85	-	26,229.85

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
Result		
Pharmaceuticals	(274.60)	(248.85)
Life Science Ingredients	5,526.10	3,146.50
Total segment result	5,251.50	2,897.65
Un-allocated corporate expenses (net of un-allocated income)	238.61	68.12
Interest income	15.76	58.23
Finance costs	1,351.71	1,742.55
Profit before tax	3,676.94	1,145.21
Tax expense	1,042.52	353.27
Profit for the year	2,634.42	791.94

Notes to the financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

	Segment assets		Segment liabilities	
	As at			
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Pharmaceuticals	48.19	45.50	85.56	66.09
Life Science Ingredients	27,199.82	23,704.43	8,619.43	5,948.90
Segment total	27,248.01	23,749.93	8,704.99	6,014.99
Un-allocated corporate assets and liabilities	18,997.39	20,067.95	607.84	490.75
Total	46,245.40	43,817.88	9,312.83	6,505.74
Deferred tax assets/liabilities	-	93.99	199.25	-
Borrowings (including other current maturities)	-	-	14,239.50	16,978.06
Total assets/liabilities	46,245.40	43,911.87	23,751.58	23,483.80

Other information:

(₹ in million)

	Capital expenditure		Depreciation/Amortisation	
	For the year ended			
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Pharmaceuticals	0.30	0.47	0.52	1.68
Life Science Ingredients	1,506.38	1,276.12	767.84	746.21
Un-allocated	7.40	19.01	57.59	63.39
Total	1,514.08	1,295.60	825.95	811.28

Information about Geographical segments:

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
Revenue by geographical markets		
India	20,245.54	15,864.82
Americas and Europe	8,247.61	6,786.72
China	1,820.21	1,099.39
Rest of the world	3,116.71	2,478.92
Total	33,430.07	26,229.85

(₹ in million)

	As at	
	31 March 2018	31 March 2017
Non-current assets (by geographical location of assets)*		
Within India	15,923.52	15,375.43
Outside India	-	-
Total	15,923.52	15,375.43

*Non-current assets are excluding financial instruments and deferred tax assets.

37. Related Party Disclosures

1. Related parties where control exists

a) Subsidiaries including step-down subsidiaries:

Jubilant Pharma Limited, Draximage Limited, Cyprus, Draximage Limited, Ireland, Draximage LLC (merged into Jubilant Draximage (USA) Inc. w.e.f. 1 April 2017), Jubilant DraxImage (USA) Inc., Deprenyl Inc. USA (merged into Jubilant Draximage (USA) Inc. w.e.f. 1 April, 2017), Jubilant DraxImage Inc., 6963196 Canada Inc., 6981364 Canada Inc., DAHI Animal Health (UK) Limited (liquidated w.e.f. 19 December 2017), Draximage (UK) Limited, Jubilant Pharma Holdings Inc., Jubilant Clinsys Inc., Cadista Holdings Inc., Jubilant Cadista Pharmaceuticals Inc., Jubilant Life Sciences International Pte. Limited, HSL Holdings Inc., Jubilant

Notes to the financial statements for the year ended 31 March 2018 (Continued)

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 LLC (formerly Jubilant Discovery Services Inc.), Jubilant Drug Development Pte. Limited, Jubilant Chemsys Limited, Jubilant Clinsys Limited, Jubilant Infrastructure Limited, Jubilant First Trust Healthcare Limited, Jubilant Innovation (BVI) Limited (liquidated w.e.f. 12 January 2018), Jubilant Innovation Pte. Limited, Jubilant DraxImage Limited, Jubilant Innovation (India) Limited, Jubilant Innovation (USA) Inc., Jubilant HollisterStier Inc., Draxis Pharma LLC, Jubilant Life Sciences (Switzerland) AG (liquidated w.e.f. 8 November 2017), Jubilant Drug Discovery & Development Services Inc., Vanthys Pharmaceutical Development Private Limited, Jubilant Life Sciences NV, Jubilant Generics Limited, Jubilant Pharma Trading Inc., Drug Discovery and Development Solutions Limited, Jubilant Pharma Australia Pty Limited (w.e.f. 11 August 2016), Jubilant Draximage Radiopharmacies Inc. (w.e.f. 8 March 2017), Jubilant Employee Welfare Trust.

b) Other Entities:

Jubilant HollisterStier General Partnership Canada, Draximage General Partnership Canada (controlled through subsidiaries/step down subsidiaries).

2. Key management personnel (KMP) and related entities:

Mr. Hari S. Bhartia, Mr. S Sridhar, Ms. Sudha Pillai, Dr. Ashok Misra, Mr. Shardul S. Shroff (upto 24 May 2016), Mr. Shyamsundar Bang (Executive Director upto 7 February 2017 and continued as Non-Executive Director upto 31 March 2017), Mr. R. Sankaraiah, Mr. Pramod Yadav (for the period 1 April 2017 to 16 January 2018), Mr. Rajesh Kumar Srivastava (w.e.f. 17 January 2018), Mr. Sushil Kumar Roongta (w.e.f. 23 May 2017), Mr. Vivek Mehra (w.e.f. 23 May 2017), Mr. Rajiv Shah.

Jubilant Enpro Private Limited, Jubilant Oil & Gas Private Limited, Jubilant FoodWorks Limited, B&M Hot Breads Private Limited, Jubilant Industries Limited, Jubilant Agri and Consumer Products Limited, Jubilant Motor Works Private Limited, Jubilant Consumer Private Limited (formerly Jubilant Fresh Private Limited), Priority Vendor Technologies Private Ltd. (related to relatives of KMP).

3. Others:

Vam Employees Provident Fund Trust, Jubilant Bhartia Foundation, Vam Officers Superannuation Fund.

FY 2017-18

(₹ in million)

Sr. No.	Particulars	Subsidiaries	Enterprise in which certain key management personnel are interested	Key management personnel	Others	Total
	Description of transactions:					
1.	Sales of goods and services:					
	Jubilant Life Sciences (Shanghai) Limited	1,160.05				1,160.05
	Jubilant Life Sciences (USA) Inc.	1,466.35				1,466.35
	Jubilant Chemsys Limited	9.10				9.10
	Jubilant Infrastructure Limited	4.00				4.00
	Jubilant Life Sciences International Pte. Limited	1,725.18				1,725.18
	Jubilant Life Sciences NV	3,681.27				3,681.27
	Jubilant Generics Limited	79.53				79.53
	Jubilant FoodWorks Limited		0.95			0.95
	Jubilant Agri and Consumer Products Limited		131.64			131.64
		8,125.48	132.59			8,258.07
2.	Rental and other income:					
	Jubilant Chemsys Limited	14.87				14.87
	Jubilant Cadista Pharmaceuticals Inc.	0.47				0.47
	Jubilant HollisterStier LLC	1.35				1.35
	Jubilant DraxImage Inc.	0.31				0.31
	Jubilant HollisterStier General Partnership	0.68				0.68
	Jubilant Biosys Limited	6.80				6.80
	Jubilant Generics Limited	96.76				96.76

Notes to the financial statements for the year ended 31 March 2018 (Continued)

FY 2017-18		(₹ in million)				
Sr. No.	Particulars	Subsidiaries	Enterprise in which certain key management personnel are interested	Key management personnel	Others	Total
	Jubilant Enpro Private Limited		14.43			14.43
	Jubilant Oil & Gas Private Limited		15.09			15.09
	Jubilant FoodWorks Limited		10.15			10.15
	Jubilant Industries Limited		0.18			0.18
	Jubilant Agri and Consumer Products Limited		49.31			49.31
	Jubilant MotorWorks Private Limited		0.64			0.64
	Jubilant Consumer Private Limited		1.87			1.87
		121.24	91.67			212.91
3.	Dividend income:					
	Jubilant Infrastructure Limited	120.69				120.69
		120.69				120.69
4.	Interest income:					
	Jubilant Generics Limited	4.52				4.52
		4.52				4.52
5.	Purchase of goods and services:					
	Jubilant Infrastructure Limited	727.07				727.07
	Jubilant Generics Limited	2.14				2.14
	Jubilant Chemsys Limited	0.06				0.06
	Priority Vendor Technologies Private Ltd		0.84			0.84
	Jubilant Agri and Consumer Products Limited		142.49			142.49
		729.27	143.33			872.60
6.	Purchase of Merchandise Exports from India Scheme (MEIS) scripts and Duty Entitlement Pass Book and License (DEPB):					
	Jubilant Generics Limited	147.78				147.78
		147.78				147.78
7.	Purchase of property, plant and equipment:					
	Jubilant Infrastructure Limited	0.03				0.03
		0.03				0.03
8.	Recovery of expenses:					
	Jubilant Chemsys Limited	27.28				27.28
	Jubilant Cadista Pharmaceuticals Inc.	83.47				83.47
	Jubilant HollisterStier LLC	118.52				118.52
	Jubilant DraxImage Inc.	139.28				139.28
	Jubilant DraxImage Limited	1.21				1.21
	Jubilant HollisterStier General Partnership	20.84				20.84
	Jubilant Infrastructure Limited	0.02				0.02
	Jubilant Biosys Limited	26.49				26.49
	Jubilant Generics Limited	132.49				132.49
	Jubilant Pharma Holdings Inc.	10.68				10.68
	Jubilant Pharma Limited	0.17				0.17
	Jubilant Enpro Private Limited		0.21			0.21
	Jubilant Agri and Consumer Products Limited		22.61			22.61
	Jubilant Oil & Gas Private Limited		0.65			0.65
		560.45	23.47			583.92
9.	Reimbursement of expenses:					
	Jubilant Chemsys Limited	0.05				0.05
	Jubilant Infrastructure Limited	0.32				0.32

Notes to the financial statements for the year ended 31 March 2018 (Continued)

FY 2017-18		(₹ in million)				
Sr. No.	Particulars	Subsidiaries	Enterprise in which certain key management personnel are interested	Key management personnel	Others	Total
	Jubilant Life Sciences NV	4.71				4.71
	Jubilant Generics Limited	5.16				5.16
	Jubilant HollisterStier LLC	0.07				0.07
	Jubilant Pharma Holdings Inc.	13.46				13.46
	Jubilant Industries Limited		1.27			1.27
	Jubilant Agri and Consumer Products Limited		1.06			1.06
	Jubilant Enpro Private Limited		1.46			1.46
		23.77	3.79			27.56
10.	Remuneration (including perquisites)* :					
	Mr. Hari S. Bhartia			133.92		133.92
	Mr. R Sankaraiah			62.91		62.91
	Mr. Pramod Yadav			28.73		28.73
	Mr. Rajesh Kumar Srivastava			6.06		6.06
	Mr. Rajiv Shah			8.16		8.16
				239.78		239.78
11.	Sitting fees:					
	Dr. Ashok Misra			0.40		0.40
	Mr. S Sridhar			0.54		0.54
	Ms. Sudha Pillai			0.55		0.55
	Mr. Sushil Kumar Roongta			0.25		0.25
	Mr. Vivek Mehra			0.25		0.25
				1.99		1.99
12.	Commission:					
	Dr. Ashok Misra			1.00		1.00
	Mr. S Sridhar			1.00		1.00
	Ms. Sudha Pillai			1.00		1.00
	Mr. Sushil Kumar Roongta			0.86		0.86
	Mr. Vivek Mehra			0.86		0.86
				4.72		4.72
13.	Company's contribution to provident fund trust :					
	Vam Employee Provident Fund Trust				85.79	85.79
					85.79	85.79
14.	Company's contribution to superannuation fund:					
	Vam Officers Superannuation Fund				6.98	6.98
					6.98	6.98
15.	Rent expenses:					
	Jubilant Enpro Private Limited		15.81			15.81
			15.81			15.81
16.	Donation:					
	Jubilant Bhartia Foundation				21.59	21.59
					21.59	21.59
17.	Lease rental expenses:					
	Jubilant Infrastructure Limited	19.55				19.55
		19.55				19.55

Notes to the financial statements for the year ended 31 March 2018 (Continued)

FY 2017-18		(₹ in million)				
Sr. No.	Particulars	Subsidiaries	Enterprise in which certain key management personnel are interested	Key management personnel	Others	Total
18.	Interest expenses on loans:					
	Jubilant Generics Limited	276.28				276.28
	Jubilant Infrastructure Limited	10.64				10.64
	Jubilant Chemsys Limited	1.07				1.07
	Vanthys Pharmaceutical Development Private Limited	2.94				2.94
		290.93				290.93
19.	Share capital reduction:					
	Jubilant Clinsys Limited	270.50				270.50
		270.50				270.50
20.	Investment in equity share capital:					
	Drug Discovery and Development Solutions Limited	234.32				234.32
		234.32				234.32
21.	Loans given:					
	Jubilant Generics Limited	1,830.50				1,830.50
		1,830.50				1,830.50
22.	Loans received back:					
	Jubilant Employee Welfare Trust	19.00				19.00
	Jubilant Generics Limited	1,760.50				1,760.50
		1,779.50				1,779.50
23.	Loans taken:					
	Jubilant Chemsys Limited	220.00				220.00
	Jubilant Generics Limited	55.00				55.00
		275.00				275.00
24.	Loans repaid:					
	Jubilant Infrastructure Limited	50.00				50.00
	Jubilant Generics Limited	55.00				55.00
		105.00				105.00
	Amount outstanding:					
25.	Loans payable:					
	Jubilant Generics Limited	3,250.00				3,250.00
	Jubilant Infrastructure Limited	92.40				92.40
	Jubilant Chemsys Limited	220.00				220.00
	Vanthys Pharmaceutical Development Private Limited	31.00				31.00
		3,593.40				3,593.40
26.	Interest payable on loan:					
	Jubilant Generics Limited	21.12				21.12
		21.12				21.12
27.	Commission payable #:					
	Mr. Hari S. Bhartia			45.00		45.00
	Dr. Ashok Misra			1.00		1.00
	Mr. S Sridhar			1.00		1.00
	Ms. Sudha Pillai			1.00		1.00

Notes to the financial statements for the year ended 31 March 2018 (Continued)

FY 2017-18							(₹ in million)
Sr. No.	Particulars	Subsidiaries	Enterprise in which certain key management personnel are interested	Key management personnel	Others	Total	
	Mr. Sushil Kumar Roongta			0.86		0.86	
	Mr. Vivek Mehra			0.86		0.86	
				49.72		49.72	
28.	Trade payables:						
	Jubilant Pharmaceuticals NV	15.42				15.42	
	Jubilant Life Sciences (USA) Inc.	10.79				10.79	
	Jubilant Infrastructure Limited	201.48				201.48	
	PSI Supply NV	1.21				1.21	
	Jubilant Biosys Limited	0.27				0.27	
	Jubilant Chemsys Limited	0.06				0.06	
	Jubilant Life Sciences NV	3.63				3.63	
	Jubilant Generics Limited	16.12				16.12	
	Jubilant Pharma Holdings Inc.	13.46				13.46	
	Jubilant Industries Limited		4.71			4.71	
	Jubilant Agri and Consumer Products Limited		22.61			22.61	
	Jubilant Enpro Private Limited		14.34			14.34	
		262.44	41.66			304.10	
29.	Other payables:						
	Jubilant Oil & Gas Private Limited		1.44			1.44	
	B&M Hot Breads Private Limited		0.32			0.32	
	Vam Employees Provident Fund Trust				15.09	15.09	
	Vam Officers Superannuation Fund				0.58	0.58	
			1.76		15.67	17.43	
30.	Loans recoverable:						
	Jubilant Generics Limited	70.00				70.00	
	Jubilant Employee Welfare Trust	92.99				92.99	
		162.99				162.99	
31.	Trade receivables:						
	Jubilant Life Sciences (USA) Inc.	431.41				431.41	
	Jubilant Life Sciences (Shanghai) Limited	185.92				185.92	
	Jubilant Chemsys Limited	0.69				0.69	
	Jubilant Infrastructure Limited	1.84				1.84	
	Jubilant Life Sciences International Pte. Limited	303.82				303.82	
	Jubilant Generics Limited	21.20				21.20	
	Jubilant Life Sciences NV	1,057.16				1,057.16	
	Jubilant FoodWorks Limited		0.95			0.95	
	Jubilant Industries Limited		0.10			0.10	
	Jubilant Agri and Consumer Products Limited		59.23			59.23	
		2,002.04	60.28			2,062.32	
32.	Deposits recoverable:						
	Jubilant Enpro Private Limited		1.27			1.27	
			1.27			1.27	
33.	Other recoverables:						
	Jubilant Cadista Pharmaceuticals Inc.	29.36				29.36	
	Jubilant HollisterStier LLC	43.76				43.76	
	Jubilant Clinsys Inc.	13.43				13.43	
	Jubilant HollisterStier General Partnership	4.54				4.54	

Notes to the financial statements for the year ended 31 March 2018 (Continued)

FY 2017-18 (₹ in million)

Sr. No.	Particulars	Subsidiaries	Enterprise in which certain key management personnel are interested	Key management personnel	Others	Total
	Jubilant DraxImage Inc.	25.31				25.31
	Jubilant DraxImage Limited	8.73				8.73
	Jubilant Biosys Limited	0.18				0.18
	PSI Supply NV	8.08				8.08
	Jubilant Pharma Holdings Inc.	10.72				10.72
	Jubilant Oil & Gas Private Limited		1.16			1.16
	Jubilant Agri and Consumer Products Limited		20.52			20.52
	B&M Hot Breads Private Limited		0.32			0.32
	Jubilant FoodWorks Limited		9.84			9.84
	Jubilant MotorWorks Private Limited		0.26			0.26
	Jubilant Consumer Private Limited		1.69			1.69
		144.11	33.79			177.90
34.	Mortgage of Land and Building at Bharuch owned by one of Subsidiaries as Security against Term Loan					

FY 2016-17 (₹ in million)

Sr. No.	Particulars	Subsidiaries	Enterprise in which certain key management personnel are interested	Key management personnel	Others	Total
	Description of transactions:					
1.	Sales of goods and services:					
	Jubilant Life Sciences (Shanghai) Limited	728.63				728.63
	Jubilant Life Sciences (USA) Inc.	977.89				977.89
	Jubilant Chemsys Limited	8.51				8.51
	Jubilant Infrastructure Limited	2.79				2.79
	Jubilant Life Sciences International Pte. Limited	1,879.37				1,879.37
	Jubilant Life Sciences NV	2,594.73				2,594.73
	Jubilant Generics Limited	65.80				65.80
	Jubilant Agri and Consumer Products Limited		142.02			142.02
		6,257.72	142.02			6,399.74
2.	Sales of tangible assets:					
	Jubilant Infrastructure Limited	146.71				146.71
		146.71				146.71
3.	Rental and other income:					
	Jubilant Chemsys Limited	12.37				12.37
	Jubilant Cadista Pharmaceuticals Inc.	0.14				0.14
	Jubilant HollisterStier LLC	0.43				0.43
	Jubilant DraxImage Inc.	0.11				0.11
	Jubilant HollisterStier General Partnership	0.24				0.24
	Jubilant Biosys Limited	5.17				5.17
	Jubilant Generics Limited	93.01				93.01
	Jubilant Enpro Private Limited		13.36			13.36
	Jubilant Oil & Gas Private Limited		12.74			12.74
	Jubilant FoodWorks Limited		14.43			14.43
	Jubilant Industries Limited		0.18			0.18
	Jubilant Agri and Consumer Products Limited		49.02			49.02

Notes to the financial statements for the year ended 31 March 2018 (Continued)

FY 2016-17

(₹ in million)

Sr. No.	Particulars	Subsidiaries	Enterprise in which certain key management personnel are interested	Key management personnel	Others	Total
	Jubilant MotorWorks Private Limited		1.59			1.59
	Jubilant Consumer Private Limited		0.71			0.71
		111.47	92.03			203.50
4.	Dividend income:					
	Jubilant Infrastructure Limited	172.42				172.42
	Jubilant First Trust Healthcare Limited	20.50				20.50
		192.92				192.92
5.	Purchase of goods and services:					
	Jubilant Infrastructure Limited	646.68				646.68
	Jubilant Generics Limited	7.69				7.69
	Priority Vendor Technologies Private Ltd		1.30			1.30
	Jubilant Agri and Consumer Products Limited		115.95			115.95
		654.37	117.25			771.62
6.	Purchase of Merchandise Exports from India Scheme (MEIS) scripts and Duty Entitlement Pass Book and License (DEPB):					
	Jubilant Generics Limited	291.75				291.75
		291.75				291.75
7.	Recovery of expenses:					
	Jubilant Chemsys Limited	18.05				18.05
	Jubilant Cadista Pharmaceuticals Inc.	53.12				53.12
	Jubilant HollisterStier LLC	89.17				89.17
	Jubilant DraxImage Inc.	94.19				94.19
	Jubilant DraxImage Limited	1.15				1.15
	Jubilant HollisterStier General Partnership	15.71				15.71
	Jubilant Infrastructure Limited	66.38				66.38
	Jubilant Biosys Limited	19.21				19.21
	Jubilant Generics Limited	166.96				166.96
	Jubilant Agri and Consumer Products Limited		18.35			18.35
	Jubilant Oil & Gas Private Limited		1.02			1.02
		523.94	19.37			543.31
8.	Reimbursement of expenses:					
	Jubilant Biosys Limited	0.05				0.05
	Jubilant Infrastructure Limited	0.67				0.67
	Jubilant Life Sciences NV	5.54				5.54
	Jubilant Generics Limited	4.36				4.36
	Jubilant Industries Limited		1.84			1.84
	Jubilant Enpro Private Limited		0.86			0.86
		10.62	2.70			13.32
9.	Remuneration (including perquisites) *:					
	Mr. Hari S. Bhartia			42.07		42.07
	Mr. Shyamsundar Bang			37.82		37.82
	Mr. R Sankaraiah			70.18		70.18
	Mr. Rajiv Shah			7.14		7.14
				157.21		157.21

Notes to the financial statements for the year ended 31 March 2018 (Continued)

FY 2016-17		(₹ in million)				
Sr. No.	Particulars	Subsidiaries	Enterprise in which certain key management personnel are interested	Key management personnel	Others	Total
10.	Sitting fees:					
	Dr. Ashok Misra			0.47		0.47
	Mr. S Sridhar			0.55		0.55
	Ms. Sudha Pillai			0.53		0.53
				1.55		1.55
11.	Commission:					
	Dr. Ashok Misra			1.00		1.00
	Mr. S Sridhar			1.00		1.00
	Ms. Sudha Pillai			1.00		1.00
				3.00		3.00
12.	Company's contribution to provident fund trust:					
	Vam Employee Provident Fund Trust				72.28	72.28
					72.28	72.28
13.	Company's contribution to superannuation fund:					
	Vam Officers Superannuation Fund				7.21	7.21
					7.21	7.21
14.	Rent expenses:					
	Jubilant Enpro Private Limited		9.06			9.06
			9.06			9.06
15.	Donation:					
	Jubilant Bhartia Foundation				22.35	22.35
					22.35	22.35
16.	Lease rental expenses:					
	Jubilant Infrastructure Limited	16.32				16.32
		16.32				16.32
17.	Interest expenses on loans:					
	Jubilant Generics Limited	126.43				126.43
	Jubilant Infrastructure Limited	19.13				19.13
	Jubilant Clinsys Limited	3.69				3.69
	Jubilant First Trust Healthcare Limited	0.94				0.94
	Vanthys Pharmaceutical Development Private Limited	2.94				2.94
		153.13				153.13
18.	Loans received back:					
	Jubilant Employee Welfare Trust	89.00				89.00
		89.00				89.00
19.	Loans taken:					
	Jubilant Infrastructure Limited	140.00				140.00
	Jubilant Generics Limited	3,250.00				3,250.00
		3,390.00				3,390.00
20.	Loans repaid:					
	Jubilant First Trust Healthcare Limited	27.57				27.57
	Jubilant Infrastructure Limited	185.10				185.10
	Jubilant Clinsys Limited	46.50				46.50
		259.17				259.17

Notes to the financial statements for the year ended 31 March 2018 (Continued)

FY 2016-17

(₹ in million)

Sr. No.	Particulars	Subsidiaries	Enterprise in which certain key management personnel are interested	Key management personnel	Others	Total
	Amount outstanding:					
21. Loans payable:						
	Jubilant Generics Limited	3,250.00				3,250.00
	Jubilant Infrastructure Limited	142.40				142.40
	Vanths Pharmaceutical Development Private Limited	31.00				31.00
		3,423.40				3,423.40
22. Interest payable on loan:						
	Jubilant Generics Limited	21.12				21.12
		21.12				21.12
23. Commission payable #:						
	Mr. Hari S. Bhartia			6.00		6.00
	Dr. Ashok Misra			1.00		1.00
	Mr. S Sridhar			1.00		1.00
	Ms. Sudha Pillai			1.00		1.00
				9.00		9.00
24. Trade payables:						
	Jubilant Pharmaceuticals NV	13.22				13.22
	Jubilant Life Sciences (USA) Inc.	10.74				10.74
	Jubilant Infrastructure Limited	101.38				101.38
	PSI Supply NV	1.03				1.03
	Jubilant Biosys Limited	0.27				0.27
	Jubilant Life Sciences NV	6.32				6.32
	Jubilant Generics Limited	10.15				10.15
	Jubilant Industries Limited		3.48			3.48
	Jubilant Agri and Consumer Products Limited		30.43			30.43
	Jubilant Enpro Private Limited		1.26			1.26
		143.11	35.17			178.28
25. Other payables:						
	Jubilant Oil & Gas Private Limited		1.44			1.44
	B&M Hot Breads Private Limited		0.32			0.32
	Vam Employees Provident Fund Trust				16.64	16.64
	Vam Officers Superannuation Fund				0.61	0.61
			1.76		17.25	19.01
26. Loans recoverable:						
	Jubilant Employee Welfare Trust	111.99				111.99
		111.99				111.99
27. Trade receivables:						
	Jubilant Life Sciences (USA) Inc.	277.69				277.69
	Jubilant Life Sciences (Shanghai) Limited	203.15				203.15
	Jubilant Chemsys Limited	0.58				0.58
	Jubilant Infrastructure Limited	0.52				0.52
	Jubilant Life Sciences International Pte. Limited	344.82				344.82
	Jubilant Generics Limited	23.39				23.39
	Jubilant Life Sciences NV	736.27				736.27
	Jubilant Agri and Consumer Products Limited		64.94			64.94
		1,586.42	64.94			1,651.36

Notes to the financial statements for the year ended 31 March 2018 (Continued)

FY 2016-17		(₹ in million)				
Sr. No.	Particulars	Subsidiaries	Enterprise in which certain key management personnel are interested	Key management personnel	Others	Total
28.	Deposits recoverable:					
	Jubilant Enpro Private Limited		1.27			1.27
			1.27			1.27
29.	Other recoverables:					
	Jubilant Cadista Pharmaceuticals Inc.	38.50				38.50
	Jubilant HollisterStier LLC	278.93				278.93
	Jubilant Clinsys Inc.	13.36				13.36
	Jubilant HollisterStier General Partnership	133.55				133.55
	Jubilant DraxImage Inc.	175.49				175.49
	Jubilant DraxImage Limited	7.52				7.52
	Jubilant Biosys Limited	5.75				5.75
	PSI Supply NV	6.93				6.93
	Jubilant Generics Limited	0.58				0.58
	Jubilant Oil & Gas Private Limited		0.77			0.77
	Jubilant Agri and Consumer Products Limited		17.94			17.94
	B&M Hot Breads Private Limited		0.32			0.32
	Jubilant FoodWorks Limited		1.03			1.03
	Jubilant MotorWorks Private Limited		0.39			0.39
	Jubilant Consumer Private Limited		1.89			1.89
		660.61	22.34			682.95
30.	Mortgage of Land and Building at Bharuch owned by one of Subsidiaries as Security against Term Loan					

* As the liabilities for the gratuity and compensated absences are provided on an actuarial basis, and calculated for the Company as a whole, the said liabilities pertaining specifically to KMP are not known and hence, not included in the above table.

Commission payable is subject to the approval of shareholders in the annual general meeting.

38. Contingent liabilities to the extent not provided for:**A. Guarantees:**

Outstanding guarantees furnished by banks on behalf of the Company are ₹ 908.19 million (31 March 2017: ₹ 719.22 million).

B. Claims against the Company, disputed by the Company, not acknowledged as debt:

(₹ in million)

	As at	
	31 March 2018	31 March 2017
Central Excise	664.19	1,266.34
Customs	15.52	12.05
Sales Tax	68.14	94.32
Income Tax	2,163.38	1,307.04
Service Tax and GST	13.61	9.68
State Excise	600.91	522.40
Others	334.06	332.55

Excluding claims in respect of business transferred to Jubilant Generics Limited and Jubilant Industries Limited in accordance with the demerger schemes approved by the Hon'ble Allahabad High Court, though the litigations may be continuing in the name of the Company.

Future cash outflows in respect of the above matters are determinable only on receipt of judgments/decisions pending at various stages/forums.

Notes to the financial statements for the year ended 31 March 2018 (Continued)

Additionally, the Company is involved in other disputes, lawsuits, claims, governmental and/ or regulatory inspections, inquiries, investigations and proceedings, including commercial matters that arise from time to time in the ordinary course of business.

The Company believes that none of above matters, either individually or in aggregate, are expected to have any material adverse effect on its financial statements.

39. Commitments as at year end

a) Capital Commitments:

Estimated amount of contracts remaining to be executed on capital account (net of advances) ₹ 1,137.35 million (31 March 2017: ₹ 328.55 million).

b) Leases:

- (i) The Company's significant operating lease arrangements are in respect of premises (residential, offices, godown etc.). These leasing arrangements, which are cancellable, 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. Rental payments under such leases are ₹ 103.87 million (31 March 2017: ₹ 111.65 million) has been included under rent expense in note 29.
- (ii) The Company has operating lease arrangements in respect of vehicles which are cancellable, range between 2 years and 5 years. The aggregate lease rentals payable are charged as expenses. Rental expenses recognized under such leases amounting to ₹ 5.81 million (31 March 2017: ₹ 6.74 million) has been included under vehicle running and maintenance expense in note 29.
- (iii) The Company has significant operating lease arrangements which are non-cancellable for a period up to 25 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

The schedule of future minimum lease rental payments in respect of non-cancellable operating leases is set out below:

	(₹ in million)	
	Minimum lease payments as at	
	31 March 2018	31 March 2017
Not later than one year	26.01	16.61
Later than one year but not later than five years	106.01	72.37
Later than five years	560.91	305.65

Rental expenses recognised under such leases during the year are ₹ 36.35 million (31 March 2017: ₹ 33.12 million).

- (iv) Assets acquired under finance lease:

Future minimum lease payments and their present values under finance leases in respect of vehicles are as follows:

	(₹ in million)					
	Minimum lease payments		Present value of minimum lease payments		Future interest	
	As at					
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Not later than one year	16.48	11.80	11.54	8.73	4.94	3.07
Later than one year but not later than five years	31.77	22.31	26.00	18.89	5.77	3.42
Later than five years	-	-	-	-	-	-

There is no element of contingent rent or sub lease payments. The 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.

Notes to the financial statements for the year ended 31 March 2018 (Continued)

c) Other Commitments:

Export obligation under Advance License Scheme on duty free import of specific raw materials, remaining outstanding is ₹ 2,418.53 million (31 March 2017: ₹ 4,624.45 million).

40. Disclosure pursuant to section 186(4) of the Companies Act, 2013 in respect of unsecured loans to subsidiary companies [Refer note 37]:

(₹ in million)

	Purpose/Term of loan	As at	
		31 March 2018	31 March 2017
Jubilant Generics Limited			
Outstanding as at the beginning of year	General business purpose and interest rate upto 7% p.a.	-	-
Given during the year		1,830.50	-
Repaid during the year		1,760.50	-
Maximum balance outstanding		503.00	-
Outstanding as at the end of year		70.00	-

41. Corporate Social Responsibility (CSR) expense

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
Prescribed CSR expenditure as per Section 135 of the Companies Act, 2013	10.90	-
Details of CSR spent during the financial year (1)		
a) Construction / acquisition of any asset	-	-
b) On purposes other than (a) above	10.90	10.27

(1) Included in Donation – Refer note 29

42. Donation includes ₹ Nil (31 March 2017: ₹ 60.00 million) to Satya Electoral Trust during the year.
43. Government grant recoverable ₹ 181.84 million (31 March 2017: ₹ 185.12 million) and government grant recognized ₹ 360.94 million (31 March 2017: ₹ 304.95 million) in the Statement of Profit and Loss.
44. During the year, finance costs amounting to ₹ 57.68 million (31 March 2017: ₹ 34.58 million) has been capitalized, calculated using capitalisation rate of 8.0% (31 March 2017: 9.2%).
45. During year ended 31 March 2018, the Company has capitalised exchange gain amounting to ₹ 4.94 million (31 March 2017: ₹ 3.80 million) to the cost of property, plant and equipment and exchange gain of ₹ 1.81 million (31 March 2017: exchange loss of ₹ 18.01 million) to foreign currency monetary item translation difference account (FCMITDA). During the year ₹ 5.26 million (31 March 2017: ₹ 61.67 million) has been amortised to the Statement of Profit and Loss and balance of ₹ Nil (31 March 2017: ₹ 7.07 million) is carried in Balance Sheet as at 31 March 2018.
46. The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the specified domestic transactions entered into with the specified persons and the international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence before the due date of filing of income tax return. The management is of the opinion that its specified domestic transactions and international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

47. Employee Stock Option Scheme

The Company has two stock option plans in place namely:

- Jubilant Employees Stock Option Plan, 2005 ("Plan 2005")
- JLL Employees Stock Option Plan, 2011 ("Plan 2011")

Notes to the financial statements for the year ended 31 March 2018 (Continued)

The Nomination, Remuneration and Compensation Committee ('Committee') of the Board of Directors which comprises a majority of Independent Directors is responsible for administration and supervision of the Stock Option Plans.

Under Plan 2005, as amended, and under Plan 2011, up to 1,100,000 Stock Options and up to 5,352,000 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 the 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 up to 28 August 2009 will vest entirely within two years from the grant date, with certain lock-in provisions. Options granted after 28 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. Vesting of Options is a function of achievement of performance criteria or any other criteria, as specified by the Committee and communicated in the grant letter.

Sr. No	PLAN 2005						PLAN 2011		
	Vesting schedule (With lock in)			Vesting schedule (Without lock in)			Vesting schedule		
	Applicable for grants made up to 28 August, 2009			Applicable for grants made after 28 August, 2009					
	% 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			

There were no options granted during the year ended 31 March 2018 and 31 March 2017, accordingly disclosures as required under Ind AS 102 w.r.t. weighted average fair value of stock options granted during the year is not applicable.

In 2008-09, members approved constitution of Jubilant Employees Welfare Trust ('Trust') 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/subsidiaries from time to time on the terms and conditions specified under respective Plans. The members authorised grant of loan(s) from time to time to the Trust in one or more tranches, up to ₹ 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 31 March 2018 is ₹ 92.99 million (31 March 2017: ₹ 111.99 million).

Up to 31 March 2018, 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, of which 2,856,689 (31 March 2017: 2,814,555) shares were transferred to the employees on exercise of Options. The Trust is also holding 170,364 (31 March 2017: 170,878) equity shares of Jubilant Industries Limited issued to it in accordance with the Scheme of Amalgamation and Demerger amongst the Company, Jubilant Industries Limited and others.

Notes to the financial statements for the year ended 31 March 2018 (Continued)

The movement in the equity shares held by trust:

	Number of equity shares	
	31 March 2018	31 March 2017
At the commencement of the year	3,548,951	3,904,526
Transfer to employees on exercise of options	42,134	355,575
At the end of the year	3,506,817	3,548,951

The movement in the stock options under both the Plans, during the year, is set out below:

Under Plan 2005

	For the year ended			
	31 March 2018		31 March 2017	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	2,867	295.87	8,467	264.72
Forfeited/lapsed during the year	(801)	258.31	(1,900)	251.68
Exercised during the year	(2,066)	310.42	(3,700)	247.27
Outstanding at the end of the year	-	-	2,867	295.87
Exercisable at the end of the year	-	-	2,867	295.87

The Board has decided that no further grants will be made under Plan 2005.

Under Plan 2011

	For the year ended			
	31 March 2018		31 March 2017	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	71,185	216.83	431,256	216.18
Forfeited/lapsed during the year	(7,165)	214.03	(22,996)	217.61
Exercised during the year	(31,804)	220.90	(337,075)	215.95
Outstanding at the end of the year	32,216	213.43	71,185	216.83
Exercisable at the end of the year	32,216	213.43	71,185	216.83

The weighted average share price for share options exercised during the year ended 31 March 2018 is ₹ 804.21 (31 March 2017: ₹ 569.05).

The Company has granted following stock options to certain senior executives of its subsidiaries/step down subsidiaries under these stock option schemes:

Under Plan 2005, options outstanding at the end of the year:

	As at 31 March 2018		As at 31 March 2017	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Jubilant Infrastructure Limited	-	-	450	314.35
Jubilant Generics Limited*	-	-	100	314.35

Notes to the financial statements for the year ended 31 March 2018 (Continued)

Under Plan 2011, options outstanding at the end of the year:

	As at 31 March 2018		As at 31 March 2017	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Jubilant Generics Limited*	7,366	213.83	17,600	215.14
Drug Discovery and Development Solutions Limited	1,319	200.05	1,319	200.05

* Represents options outstanding out of options granted to employees of the Company which were transferred to Jubilant Generics Limited on account of sale of businesses.

Pursuant to stock option granted to certain employees of the subsidiary under plan 2005, as amended, and under plan 2011, share based payment transaction with employees of subsidiary amounting to ₹ Nil (31 March 2017: ₹ Nil) is recognised in investment in subsidiaries with corresponding credit to share based payment reserve.

Fair value of option granted

The weighted average fair value of options granted for Plan 2005 and Plan 2011 were ₹ 94.18 per option and ₹ 84.90 per option respectively. The fair value at grant date is determined using the Black-Scholes-Merton model which takes into account the exercise price, the term of the option, the share price at grant date, expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The following tables list the inputs to models used for fair valuation of two plans:

	Plan 2005	Plan 2011
Expected volatility	29.73% - 41.76%	38.36% - 45.95%
Risk free interest rate	7.52% - 9.44%	7.74% - 8.81%
Exercise price (₹)	198.55 - 359.25	170.20 - 220.90
Expected dividend yield	0.51% - 0.90%	0.63% - 1.10%
Life of options (years)	4.25	3.65

Expected volatility has been based on an evaluation of the historical volatility of the share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

Expense arising from share-based payment transaction

The expenses arising from share-based payment transaction recognised in profit or loss as part of employee benefit expense for the year ended 31 March 2018 and 31 March 2017, were ₹ Nil and ₹ 0.01 million respectively.

Share options outstanding at the end of the year:

Options	Options outstanding as at		Remaining contractual life as at (in years)		Exercise Price as at	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Option Plan 2005	-	2,867	-	-	-	295.87
Option Plan 2011	32,216	71,185	-	-	213.43	216.83
Total	32,216	74,052	-	-		

48. During the year ended 31 March 2017, the Company acquired 186,620,000 12% convertible non-cumulative redeemable preference shares of ₹ 10 each of Jubilant Biosys Limited ("JBL") at par in lieu of loan of equivalent amount which was granted to the JBL and derecognized through written off in year prior to transition date of Ind-AS. Accordingly, applying Ind AS 101 assumption for such earlier derecognized financial instrument, the initial recognized value of these shares was considered as ₹ Nil.
49. During the year the National Company Law Tribunal Allahabad Branch has approved a capital reduction scheme in respect of Jubilant Clinsys Limited (JCL), an indirect wholly owned subsidiary of the Company, resulting in realisation of investment amounting to ₹ 270.50 million made by the Company in 6,200,000 8% convertible non-cumulative redeemable preference shares of ₹ 10 each and 20,850,000 6% convertible non-cumulative redeemable preference shares of ₹ 10 each amounting to ₹ 62.00 million and ₹ 208.50 million, respectively of JCL.

Notes to the financial statements for the year ended 31 March 2018 (Continued)

50. Earnings per share

	₹ in million	For the year ended	
		31 March 2018	31 March 2017
Profit for basic and diluted earnings per share of ₹ 1 each		2,634.42	791.94
Weighted average number of equity shares used in computing earnings per share			
For basic earnings per share	Nos.	159,281,139	159,281,139
For diluted earnings per share:			
No. of shares for basic earnings per share	Nos.	159,281,139	159,281,139
Add: weighted average outstanding options related to employee stock options.	Nos.	-	-
No. of shares for diluted earnings per share	Nos.	159,281,139	159,281,139
Earnings per share (face value of ₹ 1 each)			
Basic	₹	16.54	4.97
Diluted	₹	16.54	4.97

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached For and on behalf of the Board of Directors of **Jubilant Life Sciences Limited**

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

Pravin Tulsyan

Partner

Membership No.: 108044

Shyam S. Bhartia

Chairman

DIN:00010484

Place: Noida

Date: 9 May 2018

Rajiv Shah

Company Secretary

R. Sankaraiah

Executive Director-Finance

Hari S. Bhartia

Co-Chairman and Managing Director

DIN:00010499

Independent Auditor's Report

To the Members of Jubilant Life Sciences Limited

Report on the Audit of Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Jubilant Life Sciences Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and the Statement of Consolidated Cash Flow, for the year then ended, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management

either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Group to cease to continue as a going concern.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid

Independent Auditor's Report (Continued)

consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2018, and their consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Cash Flow and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
 - d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2018 taken on record by the Board of Directors of the Holding Company and on the basis of the relevant assertion contained in the audit reports on standalone financial statements of the Holding Company and each of its subsidiary companies incorporated in India, none of the directors of any such company are disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 37 (B) and 37 (C) to the consolidated Ind AS financial statements.
 - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies which are incorporated in India during the year ended 31 March 2018.
 - iv. The disclosures in the consolidated Ind AS financial statements regarding holdings as well as dealings in specified bank notes by the holding company and subsidiaries incorporated in India during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited consolidated Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

For **B S R & Co. LLP**
Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

Pravin Tulsyan

Partner

Place: Noida
Date: 9 May 2018

Membership No.: 108044

Annexure A to the Independent Auditor's Report of even date on Consolidated Ind AS Financial Statements of Jubilant Life Sciences Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

In conjunction with our audit of consolidated Ind AS financial statements of Jubilant Life Sciences Limited ("the Holding Company") as of and for the year ended 31 March 2018, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal controls with reference to financial statements criteria established by the Holding Company and its subsidiary companies incorporated in India considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's and its subsidiary companies incorporated in India, internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial

controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial reporting included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's and its subsidiary companies incorporated in India, internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial statements and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to

Annexure A to the Independent Auditor's Report of even date on Consolidated Ind AS Financial Statements of Jubilant Life Sciences Limited

financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary companies incorporated in India have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2018, based on the internal control with reference to financial statements criteria

established by the Holding Company and its subsidiary companies incorporated in India, considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **BSR & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

Pravin Tulsyan

Partner

Place: Noida

Date: 9 May 2018

Membership No.: 108044

Consolidated Balance Sheet as at 31 March 2018

(₹ in million)

	Notes	As at	
		31 March 2018	31 March 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	31,925.20	31,040.39
Capital work-in-progress	3	3,000.90	2,106.50
Goodwill	4	18,876.98	17,622.27
Other intangible assets	4	3,203.35	2,404.59
Intangible assets under development	4	3,708.84	4,731.33
Financial assets			
i. Investments	5	1,235.22	1,027.14
ii. Loans	6	144.92	119.27
iii. Other financial assets	7	5.33	9.86
Deferred tax assets (net)	8	1,604.46	1,418.98
Income tax assets (net)		205.82	257.28
Other non-current assets	9	367.59	187.65
Total non-current assets		64,278.61	60,925.26
Current assets			
Inventories	10	13,913.88	12,203.99
Financial assets			
i. Trade receivables	11	11,307.64	10,053.05
ii. Cash and cash equivalents	12(a)	2,441.76	4,564.44
iii. Other bank balances	12(b)	46.18	31.87
iv. Loans	6	45.98	72.40
v. Other financial assets	7	882.71	308.15
Income tax assets (net)		47.71	43.51
Other current assets	13	3,211.71	2,203.80
Total current assets		31,897.57	29,481.21
Total assets		96,176.18	90,406.47
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	155.79	155.75
Other equity		40,709.51	34,204.68
Equity attributable to owners of the Company		40,865.30	34,360.43
Non-controlling interest		(515.22)	(473.88)
Total equity		40,350.08	33,886.55
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	16(a)	30,478.08	35,050.33
ii. Other financial liabilities	19	2,522.08	1,861.19
Provisions	17	1,070.78	806.91
Deferred tax liabilities (net)	8	1,630.63	1,863.95
Other non-current liabilities	20	77.59	97.17
Total non-current liabilities		35,779.16	39,679.55
Current liabilities			
Financial liabilities			
i. Borrowings	16(b)	2,448.52	2,556.00
ii. Trade payables	18	11,361.61	7,494.90
iii. Other financial liabilities	19	4,217.50	4,843.50
Other current liabilities	20	841.18	883.53
Provisions	17	417.04	357.89
Current tax liabilities (net)		761.09	704.55
Total current liabilities		20,046.94	16,840.37
Total liabilities		55,826.10	56,519.92
Total equity and liabilities		96,176.18	90,406.47

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached

For and on behalf of the Board of Directors of **Jubilant Life Sciences Limited**

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

Pravin Tulsyan

Partner

Membership No.: 108044

Shyam S. Bhartia

Chairman

DIN:00010484

Place: Noida

Date: 9 May 2018

Rajiv Shah

Company Secretary

R. Sankaraiah

Executive Director-Finance

Hari S. Bhartia

Co-Chairman and Managing Director

DIN:00010499

Consolidated Statement of Profit and Loss for the year ended 31 March 2018

(₹ in million)

	Notes	For the year ended	
		31 March 2018	31 March 2017
Revenue from operations	21	75,578.08	60,063.24
Other income	22	400.33	248.58
Total income		75,978.41	60,311.82
Expenses			
Cost of materials consumed	23	26,781.45	19,293.60
Purchases of stock-in-trade		2,428.15	1,853.61
Changes in inventories of finished goods, stock-in-trade and work-in-progress	24	(521.98)	(1,152.24)
Excise duty on sales		399.73	1,448.91
Employee benefits expense	25	15,558.78	12,309.30
Finance costs	26	2,842.83	3,411.08
Depreciation, amortisation and impairment expense	27	4,150.49	2,913.99
Other expenses	28	15,748.14	12,857.15
Total expenses		67,387.59	52,935.40
Profit before tax		8,590.82	7,376.42
Tax expense	29		
- Current tax		3,183.84	2,251.24
- MAT credit entitlement		(142.78)	(639.53)
- Deferred tax (credit)/charge		(794.42)	18.45
Total tax expense		2,246.64	1,630.16
Profit for the year		6,344.18	5,746.26
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Changes in fair value of equity investments which are classified at fair value through OCI		8.99	83.97
Remeasurement of defined benefit obligations		(44.76)	(42.42)
Income tax relating to items that will not be reclassified to profit or loss	29	15.75	14.12
		(20.02)	55.67
<i>Items that will be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		673.94	(632.73)
Income tax relating to items that will be reclassified to profit or loss	29	-	-
		673.94	(632.73)
Other comprehensive income/(loss) for the year, net of tax		653.92	(577.06)
Total comprehensive income for the year		6,998.10	5,169.20
Profit is attributable to:			
Owners of the Company		6,428.06	5,756.53
Non-controlling interests		(83.88)	(10.27)
		6,344.18	5,746.26
Other comprehensive income/(loss) is attributable to:			
Owners of the Company		654.00	(575.70)
Non-controlling interests		(0.08)	(1.36)
		653.92	(577.06)
Total comprehensive income is attributable to:			
Owners of the Company		7,082.06	5,180.83
Non-controlling interests		(83.96)	(11.63)
		6,998.10	5,169.20
Earnings per equity share of ₹ 1 each	47		
Basic (₹)		41.25	36.93
Diluted (₹)		41.25	36.91

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached

For and on behalf of the Board of Directors of **Jubilant Life Sciences Limited**

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

Pravin Tulsyan

Partner

Membership No.: 108044

Shyam S. Bhartia

Chairman

DIN:00010484

Place: Noida

Date: 9 May 2018

Rajiv Shah

Company Secretary

R. Sankaraiah

Executive Director-Finance

Hari S. Bhartia

Co-Chairman and Managing Director

DIN:00010499

Consolidated Statement of Changes in Equity for the year ended 31 March 2018

	Attributable to owners of the Company										Total				
	Reserves and surplus (2)														
	Capital reserve	Securities premium reserve	Capital redemption reserve	Amalgamation reserve	General reserve	Legal reserve	Debt redemption reserve	Share based payment reserve (3)	Foreign currency monetary item translation difference account	Retained earnings		Comprehensive Income (2) through OCI instruments	Items of Other Foreign currency translation reserve	Total attributable to owners of the Company	Attributable to Non-controlling interest
A. Equity share capital	(₹ in million)														
Balance as at 1 April 2016	297.91	5,401.84	398.36	13.21	6,047.89	30.11	-	25.34	(34.49)	16,149.94	473.78	703.27	29,507.16	(462.33)	29,044.83
Profit/(loss) for the year	-	-	-	-	-	-	-	-	5,756.53	(27.76)	-	-	5,756.53	(10.27)	5,746.26
Other comprehensive income/(loss)	-	-	-	-	-	-	-	-	-	-	83.97	(631.91)	(575.70)	(1.28)	(576.98)
Total comprehensive income/(loss) for the year	-	-	-	-	-	-	-	-	-	5,728.77	83.97	(631.91)	5,180.83	(11.55)	5,169.28
Employee stock option exercised/ forfeited/lapsed	-	-	-	-	20.49	-	-	(20.49)	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	-	-	(477.84)	-	-	(477.84)	-	(477.84)
Tax on dividend (1)	-	-	-	-	-	-	-	-	-	(97.28)	-	-	(97.28)	-	(97.28)
Employee stock option expense (3)	-	-	-	-	-	-	-	0.01	-	-	-	-	0.01	-	0.01
Transfer to debenture redemption reserve	-	-	-	-	-	-	374.60	-	-	(374.60)	-	-	-	-	-
Transfer to legal reserve	-	-	-	-	-	1.20	-	-	-	(1.20)	-	-	-	-	-
Exchange loss during year on long term foreign currency term loan	-	-	-	-	-	-	-	-	(52.33)	-	-	-	(52.33)	-	(52.33)
Amortised during the year	-	-	-	-	-	-	-	-	67.15	-	-	-	67.15	-	67.15
Adjustment on account of consolidation of ESOP Trust	31.10	34.45	-	-	-	-	-	-	11.43	-	-	-	76.98	-	76.98
Balance as at 31 March 2017	329.01	5,436.29	398.36	13.21	6,068.38	31.31	374.60	4.86	(19.67)	20,939.22	557.75	71.36	34,204.68	(473.88)	33,730.80
Profit/(loss) for the year	-	-	-	-	-	-	-	-	-	6,428.06	-	-	6,428.06	(83.88)	6,344.18
Other comprehensive income/(loss)	-	-	-	-	-	-	-	-	-	(28.82)	8.99	673.83	654.00	(0.08)	653.92
Total comprehensive income/(loss) for the year	-	-	-	-	-	-	-	-	-	6,399.24	8.99	673.83	7,082.06	(83.96)	6,998.10
Employee stock option exercised/ forfeited/lapsed	-	-	-	-	3.20	-	-	(3.20)	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	-	-	(477.84)	-	-	(477.84)	-	(477.84)
Tax on dividend (1)	-	-	-	-	-	-	-	-	-	(97.28)	-	-	(97.28)	-	(97.28)
Transfer to debenture redemption reserve	-	-	-	-	-	-	374.60	-	-	(374.60)	-	-	-	-	-
Transfer to legal reserve	-	-	-	-	-	2.45	-	-	-	(2.45)	-	-	-	-	-
Exchange gain during year on long term foreign currency term loan	-	-	-	-	-	-	-	-	44.92	-	-	-	44.92	-	44.92
Amortised during the year	-	-	-	-	-	-	-	-	(25.25)	-	-	-	(25.25)	-	(25.25)
Transaction with non-controlling interest (5)	(42.62)	-	-	-	-	-	-	-	-	-	-	-	(42.62)	42.62	-
Adjustment on account of consolidation of ESOP Trust	5.47	4.74	-	-	-	-	-	-	-	10.63	-	-	20.84	-	20.84
Balance as at 31 March 2018	291.86	5,441.03	398.36	13.21	6,071.58	33.76	749.20	1.66	-	26,396.92	566.74	745.19	40,709.51	(515.22)	40,194.29

Consolidated Statement of Changes in Equity for the year ended 31 March 2018 (Continued)

Notes:

- (1) During the year ended 31 March 2018 and 31 March 2017, the Company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax (DDT) to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.
- (2) Refer note 15 for nature and purpose of other equity.
- (3) Refer note 45 for employee stock option related transactions.
- (4) Including impact of conversion of opening balance of non-controlling interest at closing foreign exchange rate.
- (5) Refer note 2(b).

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached

For **BSR & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

Pravin Tulsyan

Partner

Membership No.: 108044

Place: Noida

Date: 9 May 2018

For and on behalf of the Board of Directors of **Jubilant Life Sciences Limited**

Shyam S. Bhartia

Chairman

DIN:00010484

Hari S. Bhartia

Co-Chairman and Managing Director

DIN:00010499

R. Sankaraiah

Executive Director-Finance

Rajiv Shah

Company Secretary

Consolidated Statement of Cash Flows for the year ended 31 March 2018

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
A. Cash flow from operating activities		
Net profit before tax	8,590.82	7,376.42
Adjustments:		
Depreciation, amortisation and impairment expense	4,150.49	2,913.99
Loss on sale/ disposal/ discard of property, plant and equipment (net)	41.10	63.44
Finance costs	2,842.83	3,411.08
Employee share-based payment expense	-	0.01
Amortisation of foreign currency monetary item translation difference	(25.25)	67.15
Unrealised foreign exchange (gain)/loss	(3.74)	12.60
Interest income	(51.30)	(87.79)
Income/gain on investments at fair value through P&L	(75.88)	-
Dividend on investments	(0.14)	(1.47)
	6,878.11	6,379.01
Operating cash flow before working capital changes	15,468.93	13,755.43
Increase in trade receivables, loans, other financial assets and other assets	(1,404.10)	(835.94)
Increase in inventories	(1,348.78)	(328.82)
Increase in trade payables, other financial liabilities, other liabilities and provisions	2,894.35	1,533.55
Cash generated from operations	15,610.40	14,124.22
Income tax paid (net of refund)	(2,578.40)	(1,439.35)
Net cash generated from operating activities	13,032.00	12,684.87
B. Cash flow from investing activities		
Purchase of property, plant and equipment, other intangible assets (including capital work-in-progress and intangible assets under development)	(4,890.85)	(4,641.94)
Sale of property, plant and equipment	53.51	19.01
Purchase of investments	(195.72)	(112.33)
Sale of investments	79.45	185.89
Payment for acquisition of business (Refer Note 41)	(1,305.12)	-
Movement in other bank balances*	(9.79)	11.98
Interest received	91.42	31.97
Dividend received	0.14	1.47
Net cash used in investing activities	(6,176.96)	(4,503.95)
C. Cash flow arising from financing activities #		
Proceeds from issue of shares by Trust on exercise of stock options	10.23	77.37
Proceeds from long term borrowings**	-	21,302.03
Repayment of long term borrowings**	(6,143.82)	(20,453.52)
Repayment of short term borrowings (net)	(134.63)	(4,936.93)
Receipt of capital subsidy	-	2.20
Dividend paid (including dividend distribution tax)	(560.30)	(558.65)
Finance costs paid	(2,182.83)	(2,291.17)
Net cash used in financing activities	(9,011.35)	(6,858.67)

Consolidated Statement of Cash Flows for the year ended 31 March 2018 (Contd.)

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
D. Effect of exchange rate changes	33.63	(150.48)
Net (decrease)/increase in cash and cash equivalents (A+B+C+D)	(2,122.68)	1,171.77
Add: cash and cash equivalents at the beginning of year	4,564.44	3,392.67
Cash and cash equivalents at the end of the year (Refer note 12 (a))	2,441.76	4,564.44

* ₹ 87.45 million (31 March 2017: ₹ 87.26 million) has restricted use.

** Revolver facility of Jubilant HollisterStier LLC is presented on net basis.

Refer note 16 (c) for changes in liabilities arising from financing activities.

Note:

Consolidated Statement of Cash Flows has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows".

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached

For and on behalf of the Board of Directors of **Jubilant Life Sciences Limited**

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

Pravin Tulsyan

Partner

Membership No.: 108044

Shyam S. Bhartia

Chairman

DIN:00010484

Place: Noida

Date: 9 May 2018

Rajiv Shah

Company Secretary

R. Sankaraiah

Executive Director-Finance

Hari S. Bhartia

Co-Chairman and Managing Director

DIN:00010499

Notes to the consolidated financial statements for the year ended 31 March 2018

1. Corporate Information

Jubilant Life Sciences Limited ("the Company" or the "Parent Company") is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 1956. Its shares are listed on BSE Limited and National Stock Exchange of India Limited. The registered office of the Company is situated at Bhartiagram, Gajraula, District Amroha, Uttar Pradesh – 244223.

The consolidated financial statements of the Company as at and for the year ended on 31 March 2018 comprise the financial statements of Company and its subsidiaries (together referred to as "the Group"). The Group is an integrated global pharmaceutical and life sciences company engaged in pharmaceuticals, life science ingredients and drug discovery solutions. The pharmaceuticals segment, through its wholly owned subsidiary Jubilant Pharma Limited, is engaged in manufacture and supply of APIs, solid dosage formulations, radiopharmaceuticals, allergy therapy products and contract manufacturing of sterile and non-sterile products through 6 USFDA approved manufacturing facilities in India, USA and Canada and a network of over 50 radio-pharmacies in the US. The life science ingredients segment is engaged in specialty intermediates, nutritional products and life science chemicals through 5 manufacturing facilities in India. The drug discovery solutions segment provides proprietary in-house innovation & collaborative research and partnership for out-licensing through 3 world class research centres in India and USA. The Group is well recognized as a 'Partner of Choice' by leading pharmaceuticals and life sciences companies globally.

2. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. The accounting policies adopted are consistent with those of the previous financial year except for adoption of the following amendment in the Ind AS 7 effective from the current year. The said amendment requires the Group to provide disclosures which will enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The adoption of the above amendment to the Standard does not have any significant impact on the financial position or performance of the Group.

(a) Basis of preparation

(i) Statement of compliance

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013 ("the Act") and other relevant provisions of the Act. All the amounts

included in the financial statements are reported in millions of Indian Rupees ('Rupees' or '₹') and are rounded to the nearest million, except per share data and unless stated otherwise.

The consolidated financial statements have been authorized for issue by the Company's Board of Directors on 9 May 2018.

(ii) Historical cost convention

The consolidated financial statements have been prepared under historical cost convention on accrual basis, unless otherwise stated.

(iii) Effective 1 April 2015, the Group had transitioned to Ind AS while the consolidated financial statements were being prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (previous GAAP) till 31 March 2016 and the transition was carried out in accordance of Ind AS 101 "First time adoption of Indian Accounting Standards". While carrying out transition, in addition to the mandatory exemptions, the Group had elected to certain exemption which are listed as below:

- a) The Group had opted to continue with the carrying value for all of its property, plant and equipment and intangible assets as recognised in the financial statements prepared under previous GAAP and use the same as deemed cost in the financial statement as at the transition date.
- b) The Group had elected to exercise the option under Ind AS 21 for accounting of Exchange differences pertaining to long term foreign currency monetary items that are related to acquisition of depreciable/ amortisable assets to adjust in the carrying amount of the related property, plant and equipment and intangible assets in the consolidated financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP. Accordingly, amortization and depreciation on exchange fluctuation capitalized is charged over the remaining useful life of the respective assets. Further, exchange differences arising on other long-term foreign currency monetary items are accumulated in 'Foreign Currency Monetary Item Translation Difference Account' (FCMITDA), and are amortised over the balance period of the relevant foreign currency item.
- c) The Group had deemed the cumulative translation differences for all foreign operation to be zero as at the date of

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

transition date, by transferring cumulative differences to retained earnings.

- d) The Group had elected to apply Ind AS accounting for business combinations prospectively from 1 April 2015. As such previous GAAP balances relating to business combinations consummated before that date, including goodwill, have been carried forward.

(b) Principles of consolidation

The consolidated financial statements comprises the financial statement of the Company, and the entities controlled by the Company. Control is achieved when the Group has:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- (ii) Exposure, or rights, to variable returns from its involvement with the investee, and
- (iii) The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (i) The contractual arrangement with the other vote holders of the investee
- (ii) Rights arising from other contractual arrangements
- (iii) The Group's voting rights and potential voting rights
- (iv) The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The details of the consolidated entities are as follows:

Sr. No.	Name	Country of Incorporation	Name of Parent	Percentage of ownership
1	Jubilant Pharma Limited (1)	Singapore	Jubilant Life Sciences Limited	100%
2	Draximage Limited, Cyprus (1)	Cyprus	Jubilant Pharma Limited	100%
3	Draximage Limited, Ireland (1)*	Ireland	Jubilant Pharma Limited (w.e.f 30 January 2017) Draximage Limited, Cyprus (upto 29 January 2017)	100%
4	Draximage LLC (merged into Jubilant Draximage (USA) Inc. w.e.f. 1 April 2017)* (1)	USA	Jubilant Pharma Limited (w.e.f 30 January 2017) Draximage Limited, Cyprus (upto 29 January 2017)	100%
5	Jubilant DraxImage (USA) Inc.* (1)	USA	Jubilant Pharma Limited (w.e.f 30 January 2017) Draximage Limited, Cyprus (upto 29 January 2017)	100%
6	Deprenyl Inc., USA (merged into Jubilant Draximage (USA) Inc. w.e.f. 1 April 2017)* (1)	USA	Jubilant Pharma Limited (w.e.f 30 January 2017) Draximage Limited, Cyprus (upto 29 January 2017)	100%
7	Jubilant DraxImage Inc. (1)	Canada	Jubilant Pharma Limited	100%
8	6963196 Canada Inc. (1)	Canada	Jubilant DraxImage Inc.	100%
9	6981364 Canada Inc. (1)	Canada	Jubilant DraxImage Inc.	100%

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

Sr. No.	Name	Country of Incorporation	Name of Parent	Percentage of ownership
10	DAHI Animal Health (UK) Limited (liquidated w.e.f. 19 December 2017) (1)	UK	Jubilant DraxImage Inc.	100%
11	Draximage (UK) Limited (1)	UK	Jubilant DraxImage Inc.	100%
12	Jubilant Pharma Holdings Inc. (1)	USA	Jubilant Pharma Limited	84.48%
			Jubilant Generics Limited	15.52%
13	Jubilant Clinsys Inc. (1)	USA	Jubilant Pharma Holdings Inc.	100%
14	Cadista Holdings Inc. (1)	USA	Jubilant Pharma Holdings Inc.	100%
15	Jubilant Cadista Pharmaceuticals Inc. (1)	USA	Cadista Holdings Inc.	100%
16	Jubilant Life Sciences International Pte. Limited (2)	Singapore	Jubilant Life Sciences Limited	100%
17	HSL Holdings Inc. (1)	USA	Jubilant Pharma Holdings Inc.	100%
18	Jubilant HollisterStier LLC (1)	USA	HSL Holdings Inc.	100%
19	Jubilant Life Sciences (Shanghai) Limited* (2)	China	Jubilant Life Sciences International Pte. Limited (w.e.f 23 September 2016) Jubilant Pharma Limited (upto 22 September 2016)	100%
20	Jubilant Pharma NV (1)	Belgium	Jubilant Generics Limited	77.65%
			Jubilant Pharma Limited	22.35%
21	Jubilant Pharmaceuticals NV (1)	Belgium	Jubilant Pharma NV	99.81%
			Jubilant Pharma Limited	0.19%
22	PSI Supply NV (1)	Belgium	Jubilant Pharma NV	99.50%
			Jubilant Pharma Limited	0.50%
23	Jubilant Life Sciences (USA) Inc. (2)	USA	Jubilant Life Sciences Limited	100%
24	Jubilant Life Sciences (BVI) Limited (3)	BVI	Drug Discovery and Development Solutions Limited	100%
25	Jubilant Biosys (BVI) Limited (3)	BVI	Jubilant Life Sciences (BVI) Limited	100%
26	Jubilant Biosys (Singapore) Pte. Limited (3)	Singapore	Jubilant Biosys (BVI) Limited	100%
27	Jubilant Biosys Limited (3)	India	Jubilant Biosys (Singapore) Pte. Limited	66.98%
28	Jubilant Discovery Services LLC^ (3)	USA	Jubilant Innovation (USA) Inc. (w.e.f. 4 December 2017) Drug Discovery and Development Solutions Limited (w.e.f. 21 November 2017 till 3 December 2017) Jubilant Biosys Limited (upto 20 November 2017)	100%
29	Jubilant Drug Development Pte. Limited (3)	Singapore	Jubilant Life Sciences (BVI) Limited	100%
30	Jubilant Chemsys Limited (3)	India	Jubilant Drug Development Pte. Limited	100%
31	Jubilant Clinsys Limited* (3)	India	Jubilant Chemsys Limited (w.e.f 31 August 2017) Jubilant Drug Development Pte. Limited (upto 30 August 2017)	100%
32	Jubilant Infrastructure Limited (2)	India	Jubilant Life Sciences Limited	100%
33	Jubilant First Trust Healthcare Limited (1)	India	Jubilant Life Sciences Limited	100%
34	Jubilant Pharma Trading Inc. (1)	USA	Jubilant Pharma Holdings Inc.	100%
35	Jubilant Innovation (BVI) Limited (liquidated w.e.f. 12 January 2018) (3)	BVI	Drug Discovery and Development Solutions Limited	100%
36	Jubilant Innovation Pte. Limited* (3)	Singapore	Drug Discovery and Development Solutions Limited (w.e.f. 22 November 2017) Jubilant Innovation (BVI) Limited (Upto 21 November 2017)	100%

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

Sr. No.	Name	Country of Incorporation	Name of Parent	Percentage of ownership
37	Jubilant DraxImage Limited* (1)	India	Jubilant Pharma Limited (w.e.f. 6 February 2017) Draximage Limited, Cyprus (upto 5 February 2017)	100%
38	Jubilant Innovation (India) Limited* (3)	India	Drug Discovery and Development Solutions Limited (w.e.f. 17 November 2017) Jubilant Innovation (BVI) Limited (Upto 16 November 2017)	100%
39	Jubilant Innovation (USA) Inc.* (3)	USA	Drug Discovery and Development Solutions Limited (w.e.f. 17 November 2017) Jubilant Innovation (BVI) Limited (Upto 16 November 2017)	100%
40	Jubilant HollisterStier Inc. (1)	USA	HSL Holdings Inc.	100%
41	Draxis Pharma LLC (1)	USA	Jubilant HollisterStier Inc.	100%
42	Jubilant Life Sciences (Switzerland) AG (liquidated w.e.f. 8 November 2017)* (2)	Switzerland	Jubilant Life Sciences International Pte. Limited (w.e.f. 23 September 2016) Jubilant Pharma Limited (upto 22 September 2016)	100%
43	Drug Discovery and Development Solutions Limited (3)	Singapore	Jubilant Life Sciences Limited	100%
44	Jubilant Drug Discovery & Development Services Inc.* (3)	Canada	Drug Discovery and Development Solutions Limited (w.e.f. 19 September 2017) Jubilant Innovation Pte. Limited (upto 18 September 2017)	100%
45	Jubilant HollisterStier General Partnership # (1)	Canada	Jubilant HollisterStier Inc. Draxis Pharma LLC	99.99% 0.01%
46	Draximage General Partnership # (1)	Canada	Jubilant DraxImage Inc 6981364 Canada Inc.	90% 10%
47	Vanthesis Pharmaceutical Development Private Limited (3)	India	Jubilant Innovation Pte. Limited	100%
48	Jubilant Generics Limited (1)	India	Jubilant Pharma Limited	100%
49	Jubilant Life Sciences NV (2)	Belgium	Jubilant Life Sciences Limited (One share, representing 0.001% holding is held by Jubilant Infrastructure Limited)	100%
50	Jubilant Pharma Australia Pty Limited (1)	Australia	Jubilant Pharma Limited	100%
51	Jubilant Draximage Radiopharmacies Inc. (incorporated w.e.f 8 March 2017) (1)	USA	Jubilant Pharma Holdings Inc.	100%
52	Jubilant Employee Welfare Trust	India	Jubilant Life Sciences Limited	-

* Transferred between two subsidiaries of the Company as transactions between entities under common control.

Partnership firms, in which two subsidiaries of the Parent Company are partners.

^On transfer of shares from Jubilant Biosys Limited to Drug Discovery and Development Solutions Limited, it became wholly owned subsidiary of the Company and the said transaction has been recorded as transaction with non-controlling interest. Further on 4 December 2017, Jubilant Discovery Services Inc. has been converted into limited liability company named as Jubilant Discovery Services LLC.

(1) Represents entities engaged in Pharmaceuticals business.

(2) Represents entities engaged in Life Sciences Ingredients business.

(3) Represents entities engaged in Drug Discovery Solution business.

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

(c) Consolidation procedure

- a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries.
- b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- c) Eliminate in full, intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 "Income Taxes" applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Non-controlling interest in the results and the equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and Consolidated Balance Sheet.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

(d) Current versus non-current classification

The Group presents assets and liabilities in the Balance Sheet based on current/ non-current classification.

An asset is treated as current when:

- It is expected to be realised or intended to be sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting period; or

- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Each entity of the Group has identified twelve months as its operating cycle for the purpose of current-non-current classification of assets and liabilities.

(e) Business combinations

Business combinations (other than common control business combinations) are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition. Transaction costs incurred in connection with a business combination are expensed as incurred. The excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognized at their carrying amounts. The identity of the reserves is preserved and they appear in the consolidated financial statements of the Group in the same form in which they appeared in the financial statement of the acquired entity. The differences, if any, between the consideration and the amount of share capital of the acquired entity is transferred to capital reserve.

(f) Property, plant and equipment (PPE) and intangible assets

(i) Property, plant and equipment

Freehold land is carried at cost. All other items of property, plant and equipment are stated at cost, which includes capitalized finance costs, less accumulated depreciation and any accumulated impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of an item of a PPE comprises its purchase price including import duty, and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition of its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Expenditure incurred on startup 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 costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Advances paid towards acquisition of property, plant and equipment outstanding at each Consolidated Balance Sheet date, are shown under other non-current assets and cost of assets not ready for intended use before the year end, are shown as capital work-in-progress.

(ii) Intangible assets

- Goodwill arising on business combinations is disclosed separately in the balance sheet and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

- Internally generated goodwill is not recognised as an asset. With regard to other internally generated intangible assets:

- Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Consolidated Statement of Profit and Loss as incurred.

- Development expenditure including regulatory cost and legal expenses leading to product registration/market authorisation relating to the new and/or improved product and/or process development capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and directly attributable finance costs (in the same manner as in the case of tangible fixed assets). Other development expenditure is recognised in the Consolidated Statement of Profit and Loss as incurred.

- Intangible assets (including intangible assets under development) that are acquired and implementation of software system are measured initially at cost.
- After initial recognition, an intangible asset is carried at its cost less accumulated amortisation and any accumulated impairment loss. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

(iii) Depreciation and amortization methods, estimated useful lives and residual value

For Indian entities, depreciation is provided on straight line basis on the original cost/acquisition cost of assets or other amounts substituted for cost of fixed assets as per the useful life specified in Part 'C' of Schedule II of the Act, read with notification dated 29 August 2014 of the Ministry of Corporate Affairs, except for the following classes of fixed assets which are depreciated based on the internal technical assessment of the management as under:

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

Category of assets	Management estimate of useful life	Useful life as per Schedule II
Motor vehicles (Vehicles – owned)	5 years	8 years
Motor vehicles under finance lease (Vehicles – leased)	Tenure of lease or 5 years whichever is shorter	8 years
Computer servers and networks (included in office equipment)	5 years	6 years
Dies and punches for manufacture of dosage formulations (included in plant and equipment)	1-2 years	15 years
Employee perquisite related assets (except end user computers) (included in office equipment)	5 years, being the period of perquisite scheme	10 years

For overseas entities, depreciation is charged using the straight line method, over the estimated useful life considered as follows:

- Building: 30 years
- Plant and machinery: 3 to 20 years
- Dies and punches: 1 to 2 years
- Furniture and office equipment: 3 to 15 years
- Computer and information technology related assets: 3 to 5 years
- Vehicles: 3 to 5 years

Leasehold land which qualifies as finance lease is amortised over the lease period on straight line basis.

Leasehold improvements (included in furniture and fixtures) are depreciated over their estimated useful life, or the remaining period of lease from the date of capitalisation, whichever is shorter.

The estimated useful lives of Intangibles are follows:

Internally generated product registration	5 to 10 years
Acquired patents	5 to 10 years
Rights	5 years
Software	5 years

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

and amortization methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

(iv) Derecognition

A property, plant and equipment and intangible assets is derecognised on disposal or when no future economic benefits are expected from its use and disposal. Losses arising from retirement and gains or losses arising from disposal of a tangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Consolidated Statement of Profit and Loss.

(g) Non-current assets held for sale

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less cost to sell. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in the Consolidated Statement of Profit and Loss. Once classified as held-for sale, property, plant and equipment and intangible assets are no longer depreciated or amortised.

(h) Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The Group's other non-financial assets (other than inventories and deferred tax assets) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows (i.e. corporate assets) are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

The recoverable amount of a CGU is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment loss recognized in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognized in prior periods, the Group reviews at reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(i) Financial instrument

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if the asset is held within a business model

whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Consolidated Statement of Profit and Loss. The losses arising from impairment are recognised in the Consolidated Statement of Profit and Loss.

Debt instrument at FVOCI

A 'debt instrument' is classified as at the FVOCI if the objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets and the asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Consolidated Statement of Profit and Loss. Interest earned whilst holding FVOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVPL

FVPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVOCI, is classified as at FVPL. In addition, the Group, at initial recognition, may irrevocably elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVPL category are measured at fair value with all changes recognised in the Consolidated Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

to which Ind AS 103 applies are classified as at FVPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Consolidated Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss to retained earnings.

Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the Consolidated Statement of Profit and Loss.

Impairment of financial assets

The Group recognizes loss allowance using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all financial assets with contractual cash flows other than trade receivable, ECLs are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of ECL (or reversal) that is required to adjust the loss allowance at the reporting date is recognised as an impairment gain or loss in the Consolidated Statement of Profit and Loss.

Derecognition of financial assets

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

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a

pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVPL. A financial liability is classified as FVPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Consolidated Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Consolidated Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Consolidated Statement of Profit and Loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Consolidated Statement of Profit and Loss.

Derivative financial instruments

The Group uses various types of derivative financial instruments to hedge its currency and interest risk etc. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Consolidated Balance Sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

on a net basis or to realise the asset and settle the liability simultaneously.

(j) Inventories

Inventories are valued at lower of cost or net realisable value except scrap, which is valued at net estimated realisable value.

The Group uses weighted average method to determine cost for all categories of inventories except for goods in transit which is valued at specifically identified purchase cost. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition inclusive of non-refundable (adjustable) taxes wherever applicable. The cost of work in progress and manufactured finished goods include an appropriate share of variable and fixed production overheads. Fixed production overheads are included based on normal capacity of production facilities.

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. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost, except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value. The comparison of cost and net realisable value is made on an item-by-item basis.

(k) Cash and cash equivalents

Cash and cash equivalent comprise cash at banks and on hand (including imprest) and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(l) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into

account the risks and uncertainties surrounding the obligation. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Decommissioning provisions

In accordance with the applicable regulatory requirements, a decommissioning provision in respect of estimated costs of dismantling and removing certain machinery and equipment to be performed at the time it is disposed off is recognised. The provision is measured at the present value of the best estimate of the decommissioning costs.

(m) Revenue recognition

Revenue from sale of products is recognised when the property in the goods, or all significant risks and rewards of ownership of the products have been transferred to the buyer, and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of products as well as regarding its collection. Revenues include excise duty in respect of parent and its Indian subsidiaries till 30 June 2017 and are shown net of goods and service tax (GST) (w.e.f. 1 July 2017), sales tax and value added tax (effective till 30 June 2017) and applicable discounts and allowances, if any.

Revenue includes only those sales for which the Group has acted as a principal in the transaction, takes title to the products, and has the risks and rewards of ownership, including the risk of loss for collection, delivery and returns. Any sales for which the Group has acted as an agent or broker without assuming the risks and rewards of ownership have been reported on a net basis. 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 proportionate completion method.

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

- Any fees including upfront fees received in relation to contract manufacturing arrangements is recognized on straight line basis over which the Group satisfies the underlying performance obligations. Revenue resulting from the achievement of milestone events stipulated in agreements is recognized when the milestone is achieved. Milestones are based upon the occurrence of a substantive

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

element specified in the contract or as a measure of substantive progress towards completion under the contract.

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

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

Upfront non-refundable receipts are recorded as deferred revenue. Revenue under out-licensing arrangements are recognised as revenues as obligations are fulfilled under contractual arrangement and/or as milestones are achieved as the case may be.

Refundable fees are deferred and recognised as revenue in the period in which all contractual obligations are met and the contingency is resolved. In respect of outsourcing contracts for drug development with third party Clinical Research Organization (CRO), revenue is recognised on the basis of actual cost incurred plus mark up as agreed with the customer under each agreement. Sale of utility is recognised on delivery of the same to the consumers and when no significant uncertainty exists as to its realisation.

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.

Export incentive entitlements are recognised as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds. These are presented as other operating income in the Consolidated Statement of Profit and Loss.

(n) Employee benefits

- (i) *Short-term employee benefits:* All employee 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 benefits plans and defined contribution plans as under:

a) Gratuity

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. The liability in respect of gratuity (applicable for Indian entities of the Group), is recognised in the books of accounts based on actuarial valuation by an independent actuary. The gratuity liability for certain employees of the Group is funded with Life Insurance Corporation of India.

b) Superannuation

Certain employees of the Parent Company are also participants in the superannuation plan ('the Plan'), a defined contribution plan. Contribution made by the Parent Company to the plan during the year is charged to Consolidated Statement of Profit and Loss.

c) Provident fund

- (i) The Group makes contribution to the recognised provident fund - "VAM EMPLOYEES PROVIDENT FUND TRUST" (a multiemployer trust) for most of its employees in India, which is a defined benefit plan to the extent that the Group has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The Group's obligation in this regard is determined by an independent actuary and provided for if the circumstances indicate that the Trust may not be able to generate adequate returns to cover the interest rates notified by the Government. For other employees in India, provident fund is deposited with Regional Provident Fund Commissioner. This is treated as defined contribution plan.

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

- (ii) Group's contribution to the provident fund is charged to Consolidated Statement of Profit and Loss.
- d) 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 Consolidated Statement of Profit and Loss on accrual basis in the year in which liability to pay arise.

(iii) *Other long-term employee benefits:*

Compensated absences

As per the Group's policy, eligible leaves can be accumulated by the employees and carried forward to future periods to either be utilised during the service, or encashed. Encashment can be made during service, on early retirement, on withdrawal of scheme, at resignation and upon death of the employee. Accumulated compensated absences are treated as other long-term employee benefits.

(iv) *Termination benefits:*

Termination benefits are recognised as an expense when, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(v) *Actuarial valuation:*

The liability in respect of all defined benefit plans and other long term benefits is accrued in the consolidated books of account on the basis of actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

Remeasurement gains and losses on other long term benefits are recognised in the Consolidated Statement of Profit and Loss in the year in which they arise. Remeasurement gains and losses in respect of all defined benefit plans arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in other equity in the Consolidated Statement of Changes in Equity and in the Balance Sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost. Gains or losses on the curtailment or settlement of any defined

benefit plan are recognised when the curtailment or settlement occurs. Any differential between the plan assets (for a funded defined benefit plan) and the defined benefit obligation as per actuarial valuation is recognised as a liability if it is a deficit or as an asset if it is a surplus (to the extent of the lower of present value of any economic benefits available in the form of refunds from the plan or reduction in future contribution to the plan).

Past service cost is recognised as an expense in the Consolidated Statement of Profit and Loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to, a defined benefit plan, the past service cost is recognised immediately in the Consolidated Statement of Profit and Loss. Past service cost may be either positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).

(o) Share based payments

The grant date fair value of options granted (net of estimated forfeiture) to employees of the Group is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognized in connection with share based payment transaction is presented as a separate component in equity under "share based payment reserve". The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest. For the option awards, grant date fair value is determined under the option-pricing model (Black-Scholes-Merton). Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures materially differ from those estimates.

Corresponding balance of share based payment reserve is transferred to general reserve upon expiry of grants or upon exercise of stock options by an employee, as the Group is operating the Employee Stock Option schemes through Jubilant Employees Welfare Trust, which has purchased share from the secondary market.

(p) Finance costs

Finance costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Finance cost also includes exchange differences to the extent regarded as an adjustment to the finance costs. Finance costs that are directly attributable to the construction or production or development of a qualifying asset are capitalized as part of the cost of that asset. Qualifying assets are assets that necessarily take a substantial period of

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

time to get ready for their intended use or sale. All other finance costs are expensed in the period in which they occur.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the finance costs eligible for capitalization. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Consolidated Statement of Profit and Loss over the period of the borrowings using the effective interest method. Ancillary costs incurred in connection with the arrangement of borrowings are amortised over the period of such borrowings.

(q) Income tax

Income tax expense comprises current and deferred tax. It is recognised in Consolidated Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

- **Current tax:**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received after considering uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

- **Deferred tax:**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to freehold land and investment in subsidiaries to the extent that the Group is able to control the

timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

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

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred income tax is not provided on the undistributed earnings of the subsidiaries where it is expected that the earnings of the subsidiary will not be distributed in the foreseeable future. The dividend distribution tax (DDT) paid by the subsidiary companies, if available for set off against the DDT liability of the Parent, is effectively a tax on distribution of dividend to the shareholders of the Parent Company and therefore is recognised in Consolidated Statement of changes in equity.

For operations carried out in SEZs, deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

(r) Leases

At inception of an arrangement, it is determined whether the arrangement is or contains a lease. If it is a lease arrangement, it is classified as either a

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

finance lease or an operating lease, based on the substance of the lease arrangement.

Finance leases

Assets leased by the Group in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Group are classified as finance leases. A finance lease is recognized as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Consolidated Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chairman and Co-Chairman and Managing Director (CCMD) of the Group is responsible for allocating resources and assessing performance of the operating segments and accordingly identified as the chief operating decision maker. Revenues, expenses, assets and liabilities, which are common to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been treated as "unallocated revenues/ expenses/ assets/ liabilities", as the case may be.

(t) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian rupee (INR), which is also the Parent Company's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign

exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at balance sheet date exchange rates are generally recognised in Consolidated Statement of Profit and Loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income (OCI).

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Equity share capital and opening other equity are carried at historical cost.
- All assets and liabilities, both monetary and non-monetary, (excluding share capital, opening reserves and surplus) are translated using closing rates at Balance Sheet date.
- Profit and Loss items are translated at the respective quarterly average rates or the exchange rate that approximates the actual exchange rate on date of specific transaction.
- All resulting exchange differences are recognised in Other Comprehensive Income.

When a foreign operation is sold, the associated cumulative exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

The items of Consolidated Cash Flow Statement are translated at the respective average rates or the exchange rate that approximates the actual exchange rate on date of specific transaction. The impact of changes in exchange rate on cash and cash equivalent held in foreign currency is included in effect of exchange rate changes.

(u) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

Government grants relating to income are deferred and recognised in the Consolidated Statement of Profit and Loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to Consolidated Statement of Profit and Loss on a straight-line basis over the expected lives of the related assets and presented within other income.

(v) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(w) Measurement of fair values

A number of the accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

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

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

(x) Critical estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes.

- Assessment of useful life of property, plant and equipment and intangible asset – Note 2(f)
- Valuation of inventories – Note 2(j)
- Recognition of revenue and related accruals – Note 2(m)

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

- Fair value measurements – Note 2(w)
- Estimation of assets and obligations relating to employee benefits – Note 31
- Recognition and estimation of tax expense including deferred tax – Note 8 and 29
- Share-based payments – Note 45
- Estimated impairment of financial assets and non-financial assets – Note 2(h), 2(i) and 4(a)
- Recognition and measurement of contingency: Key assumption about the likelihood and magnitude of an outflow of resources – Note 37
- Lease classification – Note 38(b)
- Purchase price allocation (PPA) on business combination – Note 41.

(y) Recent accounting pronouncements

Applicable standards issued but not yet effective

The Group has not early adopted the following new standards or amendments to standards in preparing these consolidated financial statements.

Ind AS 115, Revenue from contracts with customers

MCA vide its notification dated 28 March 2018, notified Ind AS 115, "Revenue from Contracts with Customers". Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 "Revenue", Ind AS 11 "Construction Contracts", when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange

for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The new revenue recognition standard is effective from 1 April 2018. The Group has completed its evaluation of the possible impact of Ind AS 115 and does not expect the impact of the adoption of the new standard to be material.

Appendix B, Foreign currency transactions and advance consideration to Ind AS 21, the effects of changes in foreign exchange rates

MCA vide its notification dated 28 March 2018, notified Appendix B, Foreign currency transactions and advance consideration to Ind AS 21. The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. Appendix B is effective from 1 April 2018. The Group is currently evaluating the impact of this amendment.

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

	Land-freehold	Land-leasehold (3)	Building-factory	Building-other	Plant and equipment	Furniture and fixtures	Vehicles-owned	Vehicles-leased	Office equipment	Railway sidings	Total	Capital work-in-progress
3. Property, plant and equipment and capital work-in-progress												
Gross carrying amount as at 1 April 2016	640.38	605.75	5,981.64	2,001.73	22,984.83	369.91	30.92	38.20	546.74	108.43	33,308.53	1,469.16
Additions/adjustments	-	4.85	169.23	63.80	2,031.09	38.98	6.35	34.79	111.74	-	2,460.83	3,087.66
Deductions/adjustments	-	-	-	-	(75.66)	(5.14)	(0.23)	(6.59)	(7.04)	-	(94.66)	(2,414.84)
Foreign currency translation adjustment	(9.84)	-	(109.95)	-	(200.21)	(4.50)	0.09	-	(6.35)	-	(330.76)	(35.48)
Gross carrying amount as at 31 March 2017	630.54	610.60	6,040.92	2,065.53	24,740.05	399.25	37.13	66.40	645.09	108.43	35,343.94	2,106.50
Accumulated depreciation as at 1 April 2016	-	7.35	230.68	62.90	1,617.05	78.87	8.34	10.11	135.13	11.08	2,161.51	-
Depreciation charge for the year	-	7.60	250.04	69.01	1,663.99	55.51	7.40	14.25	124.72	11.08	2,203.60	-
Deductions/adjustments	-	-	-	-	(8.24)	(2.21)	-	(5.57)	(1.24)	-	(17.26)	-
Foreign currency translation adjustment	-	-	(11.55)	-	(29.36)	(0.96)	0.09	-	(2.52)	-	(44.30)	-
Accumulated depreciation as at 31 March 2017	-	14.95	469.17	131.91	3,243.44	131.21	15.83	18.79	256.09	22.16	4,303.55	-
Net carrying amount as at 31 March 2017	630.54	595.65	5,571.75	1,933.62	21,496.61	268.04	21.30	47.61	389.00	86.27	31,040.39	2,106.50

	Land-freehold	Land-leasehold (3)	Building-factory	Building-other	Plant and equipment	Furniture and fixtures	Vehicles-owned	Vehicles-leased	Office equipment	Railway sidings	Total	Capital work-in-progress
Gross carrying amount as at 1 April 2017	630.54	610.60	6,040.92	2,065.53	24,740.05	399.25	37.13	66.40	645.09	108.43	35,343.94	2,106.50
Additions/adjustments	7.43	1.39	263.39	44.52	2,174.62	71.91	1.92	62.51	144.50	-	2,772.19	3,545.38
Acquisition through business combination (refer note 41)	-	-	-	-	128.43	170.76	-	187.33	21.99	-	508.51	34.59
Deductions/adjustments	(36.55)	-	(0.06)	-	(115.73)	(6.03)	(0.19)	(18.27)	(10.54)	-	(187.37)	(2,698.94)
Foreign currency translation adjustment	6.25	-	44.48	(0.23)	118.30	4.86	(0.12)	2.63	1.87	-	178.04	13.37
Gross carrying amount as at 31 March 2018	607.67	611.99	6,348.73	2,109.82	27,045.67	640.75	38.74	300.60	802.91	108.43	38,615.31	3,000.90
Accumulated depreciation as at 1 April 2017	-	14.95	469.17	131.91	3,243.44	131.21	15.83	18.79	256.09	22.16	4,303.55	-
Depreciation charge for the year	-	7.15	252.34	73.93	1,744.52	97.56	7.06	93.71	125.96	11.08	2,413.31	-
Deductions/adjustments	-	-	(0.02)	-	(31.52)	(3.56)	(0.17)	(10.07)	(6.47)	-	(51.81)	-
Foreign currency translation adjustment	-	-	6.25	(0.14)	17.53	0.84	(0.13)	0.85	(0.14)	-	25.06	-
Accumulated depreciation as at 31 March 2018	-	22.10	727.74	205.70	4,973.97	226.05	22.59	103.28	375.44	33.24	6,690.11	-
Net carrying amount as at 31 March 2018	607.67	589.89	5,620.99	1,904.12	22,071.70	414.70	16.15	197.32	427.47	75.19	31,925.20	3,000.90

Notes:

- (1) Refer note 16.3 for information on property, plant and equipment provided as security by the Group.
- (2) Refer note 38(a) for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- (3) Represent land on long-term lease basis.
- (4) Refer note 40(b) for finance costs capitalised.
- (5) Addition to fixed assets (including movement in CWIP) includes exchange gain of ₹ 4.94 million (31 March 2017: ₹ 3.80 million) (Refer note 44).

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

	Goodwill	Other Intangible assets				Total	Intangible assets under development
		Internally generated product registration/market authorisation	Acquired patents, trademarks/trade names and customer contracts	Rights	Softwares		
4. Goodwill, other intangible assets and intangible assets under development							
Gross carrying amount as at 1 April 2016	18,311.04	1,548.30	232.90	99.51	407.96	2,288.67	4,644.01
Additions/adjustments	-	1,300.20	-	-	251.78	1,551.98	1,757.79
Deductions/adjustments (2)	-	-	-	-	-	-	(1,588.88)
Foreign currency translation adjustment	(688.77)	(61.18)	(12.08)	-	(9.79)	(83.05)	(81.59)
Gross carrying amount as at 31 March 2017	17,622.27	2,787.32	220.82	99.51	649.95	3,757.60	4,731.33
Accumulated amortisation as at 1 April 2016	-	429.74	109.14	13.01	150.64	702.53	-
Amortisation for the year	-	459.63	61.98	11.26	140.62	673.49	-
Foreign currency translation adjustment	-	(7.17)	(8.66)	-	(7.18)	(23.01)	-
Accumulated amortisation as at 31 March 2017	-	882.20	162.46	24.27	284.08	1,353.01	-
Net carrying amount as at 31 March 2017	17,622.27	1,905.12	58.36	75.24	365.87	2,404.59	4,731.33

	Goodwill	Other Intangible assets				Total	Intangible assets under development
		Internally generated product registration/market authorisation	Acquired patents, trademarks/trade names and customer contracts	Rights	Softwares		
Gross carrying amount as at 1 April 2017	17,622.27	2,787.32	220.82	99.51	649.95	3,757.60	4,731.33
Additions/adjustments	-	1,360.49	-	-	131.81	1,492.30	1,316.18
Acquisition through business combination (refer note 41)	726.79	0.47	83.05	0.05	15.28	98.85	4.31
Deductions/adjustments (2)	-	-	-	-	-	-	(2,402.52)
Foreign currency translation adjustment	527.92	32.70	11.63	(0.06)	3.33	47.60	59.54
Gross carrying amount as at 31 March 2018	18,876.98	4,180.98	315.50	99.50	800.37	5,396.35	3,708.84
Accumulated amortisation as at 1 April 2017	-	882.20	162.46	24.27	284.08	1,353.01	-
Amortisation for the year	-	594.36	73.58	5.94	153.08	826.96	-
Foreign currency translation adjustment	-	4.48	6.73	(0.04)	1.86	13.03	-
Accumulated amortisation as at 31 March 2018	-	1,481.04	242.77	30.17	439.02	2,193.00	-
Net carrying amount as at 31 March 2018	18,876.98	2,699.94	72.73	69.33	361.35	3,203.35	3,708.84

Notes:

- (1) Refer note 40(b) for finance costs capitalised.
- (2) Refer note 42.

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

4 (a): Impairment testing of goodwill

For the purposes of impairment testing, goodwill is allocated to the Cash Generating Units (CGU) which represents the lowest level at which the goodwill is monitored for internal management purposes, which is not higher than the Group's operating segments.

The aggregate carrying amounts of goodwill allocated to CGU are as follows:

	(₹ in million)	
	As at	
	31 March 2018	31 March 2017
Allergy Therapy	1,324.92	1,318.42
Radiopharmaceutical	8,476.06	7,420.03
Generics	2,219.63	2,062.72
Contract Manufacturing Operation	6,856.37	6,821.10
Total	18,876.98	17,622.27

The recoverable amount of the above cash generating units was based on its value in use. The value in use of these units was determined to be higher than the carrying amount and an analysis of the calculation's sensitivity towards change in key assumptions did not identify any probable scenarios where the CGU recoverable amount would fall below their carrying amount.

Value in use was determined by discounting the future cash flows generated from the continuing use of the CGU. The calculation was based on the following key assumptions:

- The anticipated annual revenue growth and margin included in the cash flow projections are based on past experience, actual operating results and the 5-year business plan in all periods presented.
- The terminal growth rate ranges from 2% to 5% for all the periods presented representing management view on the future long-term growth rate.
- Discount rate ranging from 7% to 11% was applied in all the periods presented in determining the recoverable amount of the CGUs. The discount rate was estimated based on past experience and Group's weighted average cost of capital.

The values assigned to the key assumptions represent the management's assessment of future trends in the industry and based on both internal and external sources.

	(₹ in million)	
	As at	
	31 March 2018	31 March 2017
5. Non-current investments		
I. Investment in equity instruments (at fair value through other comprehensive income)		
Quoted (fully paid up)		
220,364 (31 March 2017: 220,878) equity shares of ₹ 10 each		
Jubilant Industries Limited	37.29	69.06
Unquoted (fully paid up)		
7,487,251 (31 March 2017: 7,487,251) equity shares of ₹ 10 each		
Forum I Aviation Limited	85.43	82.21
540,463 (31 March 2017: 540,463) common stock of USD 0.01 each		
Safe Foods Corporation USA	708.31	666.98
II. Investment in equity instruments (at fair value through profit or loss)		
Unquoted		
Investment in 10% of total capital of the fund		
Healthcare Ventures IX L.P.	209.32	208.89
30,000 (31 March 2017: Nil) ordinary shares of USD 0.001 each		
Ilya Fund Ltd.	194.87	-
Total non-current investments	1,235.22	1,027.14
Aggregate amount of quoted investments and market value thereof	37.29	69.06
Aggregate amount of unquoted investments	1,197.93	958.08
Aggregate amount of impairment in the value of investments	-	-

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

	As at			
	31 March 2018		31 March 2017	
	Current	Non-current	Current	Non-current
6. Loans				
Unsecured, considered good				
Security deposits	37.97	134.70	63.78	108.37
Loan to employees	8.01	10.22	8.62	10.90
Total loans	45.98	144.92	72.40	119.27

(₹ in million)

	As at			
	31 March 2018		31 March 2017	
	Current	Non-current	Current	Non-current
7. Other financial assets				
Other bank balances:				
Deposits with maturity after 12 months from the reporting date (1)	-	5.33	-	9.86
Recoverable from related parties (2) (Refer note 36)	35.24	-	28.36	-
Insurance claims receivable	-	-	26.69	-
Notes receivable	120.21	-	93.07	-
Unbilled revenue	474.93	-	3.73	-
Interest receivable	3.95	-	43.29	-
Others	248.38	-	113.01	-
Total other financial assets	882.71	5.33	308.15	9.86

Notes:

- (1) These deposits have restricted use.
- (2) Including due by directors and private companies having common director aggregating to ₹ 3.43 million (31 March 2017: ₹ 3.37 million).

8. Deferred tax

Deferred income tax reflect the net tax effects of temporary difference between the carrying amount of asset and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant component of the Group's net deferred income tax are as follows:

Deferred tax assets:

(₹ in million)

	Provision for compensated absences and gratuity	Expenditure allowed on actual payment basis	Tax losses carried forward	MAT credit entitlement	Accrued expenses and other temporary differences	Total
As at 1 April 2016	211.52	9.87	310.26	2,309.97	2,279.84	5,121.46
(Charged)/credited						
- to Consolidated Statement of Profit and Loss	73.64	32.02	1,623.35	639.53	(397.82)	1,970.72
- to other comprehensive income	14.12	-	-	-	-	14.12
Foreign currency translation adjustment	-	-	(13.57)	-	(25.46)	(39.03)
As at 31 March 2017	299.28	41.89	1,920.04	2,949.50	1,856.56	7,067.27
(Charged)/credited						
- to Consolidated Statement of Profit and Loss*	77.49	679.54	337.01	(50.48)	(1,048.51)	(4.95)
- to other comprehensive income	15.75	-	-	-	-	15.75
Reclassification to advance tax	-	-	(294.69)	(19.43)	-	(314.12)
Foreign currency translation adjustment	0.22	4.30	11.84	-	0.63	16.99
As at 31 March 2018	392.74	725.73	1,974.20	2,879.59	808.68	6,780.94

* Including MAT credit utilization of ₹ 193.26 million forming part of current tax for the year ended 31 March 2018.

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

Deferred tax liabilities:

(₹ in million)

	Depreciation and amortisation	Others	Total
As at 1 April 2016	5,855.81	411.18	6,266.99
Charged/(credited)			
- to Consolidated Statement of Profit and Loss	1,638.62	(288.98)	1,349.64
Foreign currency translation adjustment	(101.24)	(3.15)	(104.39)
As at 31 March 2017	7,393.19	119.05	7,512.24
Charged/(credited)			
- to Consolidated Statement of Profit and Loss	(689.77)	(59.12)	(748.89)
Foreign currency translation adjustment	43.36	0.40	43.76
As at 31 March 2018	6,746.78	60.33	6,807.11

Net deferred tax liabilities:

(₹ in million)

	As at	
	31 March 2018	31 March 2017
Deferred tax assets	6,780.94	7,067.27
Deferred tax liabilities	6,807.11	7,512.24
Deferred tax liabilities (net)	26.17	444.97

Reflected in the Balance Sheet as follows:

(₹ in million)

	As at	
	31 March 2018	31 March 2017
Deferred tax assets	1,604.46	1,418.98
Deferred tax liabilities	1,630.63	1,863.95
Deferred tax liabilities (net)	26.17	444.97

Reconciliation of deferred tax liabilities (net):

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
Balance as at the commencement of the year	444.97	1,145.53
Credit during the year recognised in profit or loss (including MAT)*	(743.94)	(621.08)
Credit during the year recognised in OCI	(15.75)	(14.12)
Foreign currency translation adjustment	26.77	(65.36)
Reclassification of deferred tax asset to advance tax	314.12	-
Balance as at the end of the year	26.17	444.97

* Including MAT credit utilization of ₹ 193.26 million forming part of current tax for the year ended 31 March 2018.

Deferred tax assets not recognised in respect of certain subsidiaries is as below:

(₹ in million)

	Amount as at			
	31 March 2018		31 March 2017	
	Temporary differences	Deferred tax on temporary differences	Temporary differences	Deferred tax on temporary differences
Deductible temporary differences	1,461.33	420.44	1,822.38	604.07
Taxable temporary differences	-	-	20.24	6.88
Net unrecognized temporary differences	1,461.33	420.44	1,802.14	597.19

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

The Group has determined that below undistributed profits of certain subsidiaries will not be distributed in the foreseeable future:

(₹ in million)

	As at	
	31 March 2018	31 March 2017
Undistributed earnings of subsidiaries	21,579.20	16,553.24

DTA has not been recognized on temporary differences in relation to indexation benefit of investment in subsidiaries and freehold land amounting to ₹ 4,097.94 million (31 March 2017: ₹ 4,805.45 million) and ₹ 97.16 million (31 March 2017: ₹ 103.53 million) respectively, as the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary differences will not reverse in foreseeable future.

Expiry period of unused tax losses:

Below is the summary of unused tax losses and unabsorbed depreciation available to reduce future income taxes and the period of expiry if the same is not used :-

(₹ in million)

Tax jurisdictions	As at			
	31 March 2018		31 March 2017	
	Unused tax losses	Period of expiry	Unused tax losses	Period of expiry
India - tax losses	564.71	2019-2026	553.52	2017-2025
India - unabsorbed depreciation	706.44	Indefinite period	646.84	Indefinite period
China	-	-	7.29	2020-2021
United States	-	-	179.40	2028-2037
Canada	0.82	2032-2038	0.77	2032-2037
Switzerland	-	-	7.82	2020-2024
Belgium	17.11	Indefinite period	229.41	Indefinite period
Australia	2.46	Indefinite period	-	-

(₹ in million)

	As at	
	31 March 2018	31 March 2017
9. Other non-current assets		
Capital advances	367.13	186.69
Prepaid expenses	0.46	0.96
Total other non-current assets	367.59	187.65

(₹ in million)

	As at	
	31 March 2018	31 March 2017
10. Inventories		
Raw materials *	5,255.19	4,187.33
Work-in-progress	3,065.33	2,916.45
Finished goods *	3,848.38	3,632.69
Stock-in-trade	151.56	156.45
Stores and spares *	1,004.05	870.98
Others- process chemicals and fuels *	589.37	440.09
Total inventories	13,913.88	12,203.99
* Goods in transit included in the above		
Raw materials	726.09	313.30
Finished goods	133.86	-
Stores and spares	19.05	17.99

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

	As at	
	31 March 2018	31 March 2017
Others- process chemicals and fuels	97.96	50.21
Total goods in transit	976.96	381.50
Total write down of inventories recognised during the year	394.60	159.69

(₹ in million)

	As at	
	31 March 2018	31 March 2017
11. Trade receivables		
Unsecured and current		
Trade receivables	11,367.67	10,146.84
Receivables from related parties (Refer note 36)	64.70	64.94
Less: Expected credit loss allowance (Refer note 33)	(124.73)	(158.73)
Total trade receivables	11,307.64	10,053.05

(₹ in million)

	As at	
	31 March 2018	31 March 2017
12(a). Cash and cash equivalents		
Balances with banks		
- on current accounts	2,224.37	3,805.41
- on dividend accounts	49.76	45.57
- on deposit accounts with original maturity up to three months	5.20	619.23
Cash on hand	1.37	1.73
Cheques/drafts on hand	14.86	2.98
Others		
- Funds in transit	146.14	88.43
- Imprest	0.06	1.09
Total cash and cash equivalents (1)	2,441.76	4,564.44

Note:

(1) ₹ 49.76 million (31 March 2017: ₹ 45.63 million) has restricted use.

(2) Disclosure on Specified Bank Notes (SBNs)

During the previous year, the Parent company and its subsidiaries incorporated in India had SBNs or other denomination notes as defined in the MCA notification, G.S.R. 308(E), dated 31 March 2017. The details of SBNs held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination-wise SBNs and other notes as per the notification are as follows:

(₹ in million)

	SBNs	Other denomination Notes	Total
Closing cash in hand as on 08 November 2016	0.94	0.78	1.72
(+) Permitted receipts	-	4.05	4.05
(-) Permitted payments	-	(3.68)	(3.68)
(-) Amount deposited in Banks	(0.94)	(0.01)	(0.95)
Closing cash in hand as on 30 December 2016	-	1.14	1.14

For the purpose of the above disclosure, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E),

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

dated 8 November 2016. The SBNs are no longer in existence. Hence, the Group has not provided the corresponding disclosures for current year as prescribed in Schedule III to the Companies Act, 2013.

(₹ in million)

	As at	
	31 March 2018	31 March 2017
12(b). Other bank balances		
Deposits accounts with maturity up to twelve months from the reporting date	46.18	31.87
Total other bank balances (1)	46.18	31.87

Note:

(1) ₹ 32.36 million (31 March 2017: ₹ 31.77 million) has restricted use.

(₹ in million)

	As at	
	31 March 2018	31 March 2017
13. Other current assets		
Prepaid expenses	559.55	377.70
Recoverable from/balance with government authorities (Refer note 40 (a))	2,197.88	1,516.08
Advance to employees	31.44	23.34
Advance for supply of goods and services	332.39	231.34
Assets held for sale (1)	72.43	52.51
Others	18.02	2.83
Total other current assets	3,211.71	2,203.80

Note:

(1) Represents property, plant and equipment and freehold land which are not considered for active use and are expected to be sold in due course.

(₹ in million)

	As at	
	31 March 2018	31 March 2017
14. Equity share capital		
Authorised		
655,000,000 (31 March 2017 : 655,000,000) equity shares of ₹ 1 each	655.00	655.00
	655.00	655.00
Issued and subscribed		
159,313,139 (31 March 2017 : 159,313,139) equity shares of ₹ 1 each	159.31	159.31
	159.31	159.31
Paid up capital		
159,281,139 (31 March 2017 : 159,281,139) equity shares of ₹ 1 each	159.28	159.28
Add: Equity shares forfeited (paid up)	0.02	0.02
	159.30	159.30
Less: Shares held in trust for employees under ESOP scheme	(3.51)	(3.55)
	155.79	155.75

Movement in equity share capital:

	As at 31 March 2018		As at 31 March 2017	
	Number	₹ in million	Number	₹ in million
At the commencement and at the end of the year	159,281,139	159.28	159,281,139	159.28

Terms and rights attached to equity shares:

The Company has only one class of shares referred to as equity shares having par value of ₹ 1 each. Holder of each equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Details of shareholders holding more than 5% shares in the Company:

Equity shares of ₹ 1 each fully paid-up held by	As at 31 March 2018		As at 31 March 2017	
	Number	% of total shares	Number	% of total shares
Jubilant Stock Holding Private Limited	21,871,992	13.73%	21,871,992	13.73%
SSB Consultants & Management Services Private Limited	21,007,665	13.19%	21,007,665	13.19%
HSB Corporate Consultants Private Limited	18,698,979	11.74%	18,698,979	11.74%

Others:

- 114,835 (31 March 2017: 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, 2005". (Refer note 45).
- Under the Jubilant Employees Stock Option 2005 Plan as at 31 March 2018 - Nil (31 March 2017: 2,867) outstanding options are convertible into Nil (31 March 2017: 14,335) shares. (Refer note 45).
- Under the Jubilant Employees Stock Option 2011 Plan as at 31 March 2018 - 32,216 (31 March 2017: 71,185) outstanding options are convertible into 32,216 (31 March 2017: 71,185) shares. (Refer note 45).

15. Nature and purpose of other equity

- Capital reserve*
Accumulated capital surplus not available for distribution of dividend and expected to remain invested permanently.
- Securities premium reserve*
The unutilized accumulated excess of issue price over face value on issue of shares. This reserve is utilised in accordance with the provisions of the Act.
- Capital redemption reserve*
Capital redemption reserve represents the unutilized accumulated amount set aside at the time of redemption of shares. This reserve is utilised in accordance with the provisions of the Act.
- Amalgamation reserve*
Amalgamation reserve represents the unutilized accumulated surplus created at the time of amalgamation of another company with the Company. This reserve is not available for distribution of dividend and is expected to remain invested permanently.
- General reserve*
This represents appropriation of profit by the Company and is available for distribution of dividend.
- Legal reserve*
This represents the statutory reserves created based on the requirements of local regulations. This reserve is not available for distribution.
- Debenture redemption reserve*
The Group is required to create a debenture redemption reserve out of the profits prior to the redemption of debentures. This reserve is available for distribution of dividend post redemption of debentures.
- Share based payment reserve*
The fair value of the equity settled share based payment transactions with employees is recognised in Consolidated Statement of Profit and Loss with corresponding credit to share based payment reserve. Corresponding balance of a share based payment reserve is transferred to general reserve upon expiry of grants or upon exercise of stock options by an employee, as the Group is operating the Employee Stock Option schemes through Jubilant Employees Welfare Trust, which has purchased share from the secondary market.

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

- *Foreign Currency Monetary Item Translation Difference Account (FCMITDA)*

This represent accumulated Monetary Item Translation Difference of long-term foreign currency monetary items to be amortised over the period in which long-term foreign currency monetary items is payable.

- *Equity instrument through OCI*

The Group has elected to recognize changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the equity instrument through OCI within equity. The Group transfers amount therefrom to retained earnings when the relevant equity securities are derecognized.

- *Foreign currency translation reserve*

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

(₹ in million)

	As at	
	31 March 2018	31 March 2017
16(a). Non-current borrowings		
Secured debentures		
Secured rated listed non-convertible debentures	3,938.56	4,930.32
Bonds		
4.875% senior notes (unsecured)	19,386.36	19,230.70
Term loans		
From banks		
Indian rupee loans (secured)	2,168.32	3,669.20
Other foreign currency loans (secured)	-	1,581.39
From other parties		
Indian rupee loans (secured)	1,118.53	1,859.35
Other foreign currency loans (unsecured)	3,792.89	3,740.56
Long term maturity of finance lease obligations (secured)	73.42	38.81
Total non-current borrowings	30,478.08	35,050.33
Add: Current maturities of non-current borrowings (Refer note 19)	1,666.98	2,834.23
Add: Current maturities of financial lease obligations (Refer note 19)	95.31	12.29
Total non-current borrowings (including current maturities)	32,240.37	37,896.85

(₹ in million)

	As at	
	31 March 2018	31 March 2017
16(b). Current borrowings		
Loans repayable on demand		
From banks		
Secured	401.36	459.73
Unsecured	2,047.16	2,096.27
Total current borrowings	2,448.52	2,556.00

16.1 Nature of security of non-current borrowings and other terms of repayment

Parent Company

- 16.1.1 Indian rupee term loans amounting to ₹ 2,177.90 million (31 March 2017: ₹ 3,849.00 million) from Axis Bank Limited, RBL Bank Limited, Non-Convertible Debentures amounting to ₹ 4,950.00 million (31 March 2017: ₹ 4,950.00 million), External

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

commercial borrowings amounting to ₹ Nil (31 March 2017: ₹ 1,199.72 million) from DBS Bank Limited, Singapore are secured by a first pari-passu charge created/to be created amongst the lenders by way of:

- 1) Mortgage on the immovable fixed assets, both present and future, situated at:
 - (a) Bhartiagram, Tehsil Dhanora, District Amroha, Uttar Pradesh, India, save and except the following immovable fixed assets from mortgage:
 - (i) Land measuring 90,124.24 square meters together with all the buildings and structures thereon situated in the revenue estate of Village Naipura Khadar and Tigariya Bhoor, Tehsil Dhanora, District Amroha, Uttar Pradesh, India, being under common title deeds with other Group companies;
 - (ii) Land measuring 5.56 Acres (equivalent to 2.253 Hectares) together with all the buildings and structures thereon situated in the revenue estate of Village Fazalpur Gosai, Tehsil Dhanora, District Amroha, Uttar Pradesh, India; and
 - (iii) Leasehold Land, being plot no. A-4/2 measuring 157,509 square meters, together with all the buildings and structures thereon situated in UPSIDC Industrial Area II, Gajraula, Tehsil Dhanora, District Amroha, Uttar Pradesh, India, being under common lease deed with other Group companies;
 - (b) Village Samlaya, Taluka Savli, District Vadodra, Gujarat, India; and
- 2) Hypothecation on the entire movable fixed assets, both present and future of the Company.

16.1.2 Indian rupee term loan amounting to ₹ 1,875.00 million (31 March 2017: ₹ 1,875.00 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, Ambarnath and also at Bharuch owned by one of the subsidiaries of the Parent Company.

16.1.3 Indian rupee term loan amounting to ₹ 1,575.00 million (31 March 2017: ₹ 2,575.00 million repayable in five half yearly installments from March 2020) from Axis Bank Limited is repayable in three half yearly installments from March 2021.

16.1.4 Indian rupee term loan amounting to ₹ 602.90 million (31 March 2017: ₹ 1,274.00 million repayable in nineteen quarterly installments from June 2017) from RBL Bank Limited is repayable in eight quarterly installments from March 2020.

16.1.5 Non-convertible debentures amounting to ₹ 4,950.00 million (31 March 2017: ₹ 4,950.00 million repayable in four yearly installments) is repayable in four yearly installments as given below:

- a. 8.20% non-convertible debentures of ₹ 1,000 million repayable on 27 January 2019.
- b. 8.47% non-convertible debentures of ₹ 1,000 million repayable on 27 January 2020.
- c. 8.65% non-convertible debentures of ₹ 1,500 million repayable on 27 January 2021.
- d. 8.88% non-convertible debentures of ₹ 1,450 million repayable on 27 January 2022.

16.1.6 External commercial borrowing amounting to USD Nil (₹ Nil) (31 March 2017: USD 18.50 million (₹ 1,199.72 million) repayable in December 2017) from DBS Bank Limited, Singapore has been repaid during the year.

16.1.7 Indian rupee term loan amounting to ₹ 1,875.00 million (31 March 2017: ₹ 1,875.00 million repayable in five equal half yearly installments from September 2018) from Housing Development Finance Corporation Limited is repayable in five equal half yearly installments from September 2018.

Other entities

16.1.8 Unsecured 4.875% senior notes amounting to USD 300.00 million (₹ 19,551.00 million) (31 March 2017: USD 300.00 million (₹ 19,455.00 million) repayable in single installment in October 2021) issued by Jubilant Pharma limited are repayable in single installment in October 2021.

16.1.9 Unsecured term loan of USD 58.20 million (₹ 3,792.89 million) under Facility C to Jubilant Pharma Limited from International Finance Corporation (31 March 2017: USD 58.20 million (₹ 3,774.27 million) is due for repayment on 15 June 2020 (50%) and 15 June 2021 (50%) along with the repayment premium in accordance with the terms of the contract, if on or prior to such repayment date there has been (a) neither a Private Equity (PE) investment nor a Qualifying IPO, or (b) there has been a PE Investment but IFC has not converted the entire loan into shares. The return to IFC is variable upon the events described above and the time period elapsed in accordance with the terms of the arrangement.

16.1.10 Revolving Facility of USD Nil repayable in single installment in September 2018 (31 March 2017: USD 20.27 million (₹ 1,314.21 million) repayable in single installment in September 2017) of Jubilant HollistierStier LLC from Bank of America N.A. is secured by way of:

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

- (i) Security interest in the receivable, inventory, equipments and fixtures, deposit accounts and all general intangibles, including patents, trademarks, computer software (including any accessions, attachments, additions, substitutes or replacements thereof), books and records of Jubilant HollistierStier LLC pertaining to the Collateral more particularly described in the security interest agreement dated 5 April 2013.
- (ii) Amended Deed of trust dated 5 April 2013 encumbering the parcel or parcels of real property owned by Jubilant HollistierStier LLC located in Spokane County, State of Washington, USA.

16.1.11 Term loan of CAD Nil (31 March 2017: CAD 26.60 million (₹ 1,292.49 million) repayable in nineteen equal quarterly instalments from April 2017) from ICICI Bank, Canada and Term loan of USD Nil (31 March 2017: USD 8.93 million (₹ 579.19 million) repayable in nine quarterly instalments from October 2019) from ICICI Bank Limited, New York Branch to Jubilant Draximage Inc. has been repaid during the year.

16.1.12 Finance lease obligations are secured by hypothecation of specific assets taken under such lease. The same are repayable within five years.

16.1.13 The Indian rupee term loans carry interest rate ranging from 7.90 % to 9.75% (31 March 2017: 7.95% to 12.75%) per annum and term loans denominated in currency other than Indian rupee carry interest rate of benchmark interest rate (Libor, CAD dealer offered rate, Euro libor and swap offer rates) plus spread ranging from 310 to 325 (31 March 2017: 150 to 450) basis points. The benchmark rates are reset at periodic intervals as per the terms of the loan.

The composition of property, plant and equipment and current assets as mentioned above are defined in detail in the respective financing/credit arrangements.

16.2 Nature of security of current borrowings and other terms of repayment

Parent company

16.2.1 Working capital facilities (including cash credit) sanctioned by consortium of banks and notified financial institutions 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. Working capital loans are repayable as per terms of agreement within one year.

Other entities

16.2.2 Working capital facilities (including cash credit) sanctioned by consortium of banks and notified financial institutions 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 Jubilant Generics Limited wherever the same may be or be held. Working capital loans are repayable as per terms of agreement within one year.

16.2.3 Indian rupee loans carry interest rate ranging from 5.95 % to 12.50% (31 March 2017: 6.09% to 13.00%) per annum and other currencies loans carry interest rate of benchmark interest rate (Libor and CAD Prime) plus spread ranging from 0 to 150 (31 March 2017: 220 to 350) basis points. The benchmark interest rates are reset at periodic intervals as per the terms of the loan.

The composition of property, plant and equipment and current assets as mentioned above are defined in detail in the respective financing/credit arrangements.

16.3 Property, plant and equipment, inventory and other financial assets with a carrying amount of ₹ 19,832.98 million (31 March 2017: ₹ 24,982.95 million), ₹ 10,758.67 million (31 March 2017: ₹ 10,504.03 million), ₹ 8,481.28 million (31 March 2017: ₹ 11,942.98 million) respectively are provided as security against borrowing at year end.

(₹ in million)

	31 March 2018
16 (c) . Analysis of movement in borrowings	
Borrowings at the beginning of the year	40,452.85
Movement due to cash transactions as shown in statement of cash flows	(6,278.45)
Movement due to non-cash transactions	
- Acquisition pursuant to business combination (refer note 41)	191.94
- Foreign exchange movement	138.17
- Effective interest rate accounting	168.90
- Assets taken on lease	15.48
Borrowings at the end of the year	34,688.89

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

	As at			
	31 March 2018		31 March 2017	
	Current	Non-current	Current	Non-current
17. Provisions				
Unsecured, considered good				
Provision for employee benefits (Refer note 31)	402.56	929.43	344.09	806.91
Decommissioning provisions	-	141.35	-	-
Other provisions	14.48	-	13.80	-
Total provisions	417.04	1,070.78	357.89	806.91

The following table presents the movement in the decommissioning provisions during the year:-

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
Balance as at the beginning of the year	-	-
Acquired during the year (refer note 41)	137.95	-
Accretion expense	0.64	-
Foreign currency translation adjustment	2.76	-
Closing balance	141.35	-

(₹ in million)

	As at	
	31 March 2018	31 March 2017
18. Trade payables		
Current		
Trade payables (Refer note 30)	11,319.95	7,459.73
Trade payables to related parties (Refer note 36)	41.66	35.17
Total trade payables	11,361.61	7,494.90

(₹ in million)

	As at	
	31 March 2018	31 March 2017
19. Other financial liabilities		
Non-current		
Accrued cost for stock settled debt instrument	2,522.08	1,861.19
Total other non-current financial liabilities	2,522.08	1,861.19
Current		
Current maturities of non-current borrowings [Refer note 16(a)]	1,666.98	2,834.23
Current maturities of finance lease obligations [Refer note 16(a)]	95.31	12.29
Interest accrued but not due on borrowings	554.43	557.56
Unpaid dividend	49.76	45.57
Security deposit	26.09	27.23
Capital creditors	407.03	414.31
Employee benefits payable	1,257.99	902.85
Other payables	159.91	49.46
Total other current financial liabilities	4,217.50	4,843.50

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

	As at	
	31 March 2018	31 March 2017
20. Other liabilities		
Non-current		
Income received in advance	77.59	96.94
Others	-	0.23
Total other non-current liabilities	77.59	97.17
Current		
Advances from customers	316.73	313.66
Income received in advance/unearned revenue	159.62	150.78
Statutory dues payables	364.83	419.09
Total other current liabilities	841.18	883.53

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
21. Revenue from operations		
Sale of products (including excise duty)		
- Finished goods	63,754.05	49,045.01
- Traded goods	2,634.66	2,218.33
Sale of services	8,258.78	7,838.32
Other operating revenue (Refer note 40(a))	930.59	961.58
Total revenue from operations	75,578.08	60,063.24

Note:

Revenue from operations for the current year is not comparable with previous year since the same is net of Goods and Services Tax (GST) w.e.f. 1 July 2017 in respect of Parent and its Indian subsidiaries, whereas revenue includes excise duty upto 30 June 2017 and also refer note 41.

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
22. Other income		
Interest income	51.30	87.79
Income/gain on investments at fair value through P&L	75.88	-
Dividend on investments	0.14	1.47
Amortisation of foreign currency monetary item translation difference	25.25	-
Net foreign exchange income	20.88	-
Other non-operating income	226.88	159.32
Total other income	400.33	248.58

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
23. Cost of materials consumed		
Raw materials consumed	26,781.45	19,293.60
Total cost of materials consumed	26,781.45	19,293.60

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
24. Changes in inventories of finished goods, stock-in-trade and work-in-progress		
Opening balance		
Work-in-progress	2,916.45	2,219.49
Finished goods	3,632.69	2,958.10
Stock-in-trade	156.45	517.94
Total opening balance	6,705.59	5,695.53
Closing balance		
Work-in-progress	3,065.33	2,916.45
Finished goods	3,848.38	3,632.69
Stock-in-trade	151.56	156.45
Total closing balance	7,065.27	6,705.59
Increase in inventories of finished goods, stock-in-trade and work-in-progress	(359.68)	(1,010.06)
Adjustment on account of insurance claim/capitalisation	-	59.67
Foreign currency translation adjustment	(162.30)	(201.85)
Total changes in inventories of finished goods, stock-in-trade and work-in-progress	(521.98)	(1,152.24)

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
25. Employee benefits expense		
Salaries, wages, bonus, gratuity and allowances	13,210.48	10,473.61
Contribution to provident fund, superannuation and other funds	925.14	829.08
Employee share-based payment expense	-	0.01
Staff welfare expenses	1,423.16	1,006.60
Total employee benefits expense	15,558.78	12,309.30

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
26. Finance costs		
Interest expense	2,643.13	3,008.37
Other finance costs	191.31	395.99
Exchange differences to the extent considered as an adjustment to finance costs	8.39	6.72
Total finance costs	2,842.83	3,411.08

Note:

- (1) Refer note 40(b) for finance costs capitalised.

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
27. Depreciation, amortisation and impairment expense		
Depreciation of property, plant and equipment	2,413.31	2,203.60
Amortisation and impairment of intangible assets (Refer note 42)	1,737.18	710.39
Total depreciation, amortisation and impairment expense	4,150.49	2,913.99

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
28. Other expenses		
Power and fuel	4,249.15	3,336.63
Consumption of stores and spares and packing materials	2,810.12	2,494.30
Processing charges	259.20	196.23
Excise duty related to (decrease)/increase in inventory of finished goods	(62.55)	32.42
Rental charges	345.51	179.01
Rates and taxes	551.32	447.87
Insurance	165.41	158.67
Advertisement, publicity and sales promotion	274.14	293.26
Travel and conveyance	639.97	524.28
Repairs and maintenance:		
i. Plant and machinery	1,118.79	1,043.57
ii. Buildings	298.11	265.73
iii. Others	315.37	239.42
Office expenses	312.24	294.00
Vehicle running and maintenance	58.19	49.15
Printing and stationery	58.06	58.56
Telephone and communication charges	200.87	119.41
Staff recruitment and training	179.41	175.69
Donation [including corporate social responsibility expenditure (Refer note 39)]	91.26	136.57
Payments to auditors	10.82	12.05
Legal and professional fees	1,082.02	733.13
Freight and forwarding (including ocean freight)	1,364.87	913.25
Subscription	109.81	107.10
Claims and other selling expenses	520.56	526.30
Commission on sales	318.94	125.12
Loss on disposal/discard of fixed assets (net)	41.10	63.44
Provision/write off of bad debts/irrecoverable advances (net)	43.16	37.40
Amortisation of foreign currency monetary item translation difference	-	67.15
Net foreign exchange loss	-	63.28
Miscellaneous expenses	392.29	164.16
Total other expenses	15,748.14	12,857.15

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

29. Income tax

The major components of income tax expense for the years ended 31 March 2018 and 31 March 2017 are:

	(₹ in million)	
	For the year ended	
	31 March 2018	31 March 2017
Profit or loss section		
Current income tax:		
Current income tax charge for the year	3,043.12	2,277.17
Adjustments in respect of current income tax of previous years	140.72	(25.93)
	3,183.84	2,251.24
Deferred tax:		
Deferred tax on profits for the year	(645.68)	390.74
Adjustments in respect of deferred tax of previous years	(148.74)	(372.29)
	(794.42)	18.45
MAT credit:		
MAT credit on profits for the year	(140.04)	(561.40)
Adjustments in respect of MAT credit of previous years	(2.74)	(78.13)
	(142.78)	(639.53)
Income tax expense reported in the Consolidated Statement of Profit and Loss	2,246.64	1,630.16
OCI section:		
Tax related to items that will not be reclassified to profit or loss	15.75	14.12
Income tax charged to OCI	15.75	14.12

Reconciliation between average effective tax rate and applicable tax rate for 31 March 2018 and 31 March 2017:

	(₹ in million)	
	For the year ended	
	31 March 2018	31 March 2017
Profit before tax	8,590.82	7,376.42
At India's statutory income tax rate 34.608% (31 March 2017: 34.608%)	2,973.11	2,552.82
- Effect of non-deductible expenses and exempt income	284.03	224.44
- Incremental allowance for research and development and other capital expenditure	(212.21)	(449.62)
- Effect of prior year re-assessments	(10.76)	(476.35)
- Unrecognised deferred tax (including MAT credit)	(21.25)	(33.08)
- Differences in other countries tax rates	(216.91)	(292.42)
- Effect of rate change on deferred tax*	(540.00)	3.65
- Others	(9.37)	100.72
Income tax expense reported in the Consolidated Statement of Profit and Loss	2,246.64	1,630.16

* includes ₹ 612.10 million relating to deferred tax benefits during the year ended 31 March 2018 consequent to reduction in US federal tax rates from 35% to 21% effective 1 January 2018 pursuant to US tax reforms.

30. Micro, small and medium enterprises

There are no micro, small and medium enterprises, to whom the Indian entities owes dues, which are outstanding for more than 45 days as at the end of year. The information as required to be disclosed in relation to micro, small and medium enterprises has been determined to the extent such parties have been identified on the basis of information available with the Indian entities.

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

	As at	
	31 March 2018	31 March 2017
The principal amount remaining unpaid to any supplier as at the end of the year	44.31	42.76
The interest due on principal amount remaining unpaid to any supplier as at the end of the year	-	-
The amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
The 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 Act	-	-
The amount of interest accrued and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under the MSMED Act	-	-

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31. Employee benefits in respect of the Group have been calculated as under:**(A) Defined Contribution Plans**

The Group entities located in India have certain defined contribution plan such as provident fund, employee state insurance, employee pension scheme, employee superannuation fund wherein specified percentage is contributed to these plans. During the year, the Group has contributed following amounts to:

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
Employer's contribution to provident fund (1)	30.25	27.54
Employer's contribution to employee's pension scheme	66.57	63.49
Employer's contribution to superannuation fund	6.98	7.21
Employer's contribution to employee state insurance	8.93	4.42

- (1) For certain employees where provident fund is deposited with government authority e.g. Regional Provident Fund Commissioner.

Foreign Subsidiaries

- a. The Group's entities located in United States of America have a 401(k) Plan, where in the regular, full-time and part-time employees are eligible to participate in the defined contribution plan. Participants may voluntarily contribute eligible pre-tax and post-tax compensation in 0.5% increments (1% up to December 2015) of up to 90% of their annual compensation in accordance with the annual limits as determined by the Internal Revenue Service. Eligible employees in one of the States receive a 100% match of their contributions up to 3% of their eligible compensation and 50% match of their contributions from 3%-5% of their eligible compensation. Such employees above the age of 50 years may choose to contribute "catch-up" contributions in accordance with the Internal Revenue Service limits and are matched the same up to the maximum entity's contribution of 100% of first 3% of eligible compensation and 50% of the next 2% of contribution. The entity's matching contributions vest 100% at all time for such employees. Eligible employees in other States receive a 50% match of their contributions up to 6% of their eligible compensation. Employees above the age of 50 years may choose to contribute "catch-up" contributions in accordance with the Internal Revenue Service limits and are matched the same up to the maximum Group contribution of 3% of eligible compensation. The Group's matching contributions vest 100% after three years of service. The Group has contributed ₹ 126.80 million (31 March 2017: ₹ 80.80 million) to 401(k) for the year.
- b. The entities of the Group located in Canada contribute to a Registered Retirement Savings Plan (RRSP), a trust registered with Canada Revenue Agency (CRA) and to Quebec pension plan (QPP). Under RRSP plan, the Group contributes equivalent to the contribution made by the employee, up to a maximum of 5% of the employees' base salary. Under QPP plan, the Group contributes equivalent to the contribution made by the

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

employees at the rate of 5.40% and 5.25% of the employees' base salary for the year ended 31 March 2018 and 2017 respectively.

During the year the Group has contributed following amounts:

Plan under which contributions made	(₹ in million)	
	For the year ended	
	31 March 2018	31 March 2017
Registered retirement savings plan (RRSP)	61.42	60.90
Quebec pension plan (QPP)	81.08	76.43

- c. Further, the entities of the Group located in Belgium contribute to social security fund named as Rijks Sociale Zekerheid (RSZ). Under these plan employees have to contribute 13% of their compensation and the Group makes a contribution of 33.33% of the employee's annual compensation. The Group has contributed ₹ 5.84 million (31 March 2017: ₹ 7.40 million) to RSZ for the year.

(B) Defined Benefit Plans

Parent Company including Indian Subsidiaries

i. Gratuity

In accordance with Ind AS 19 "Employee Benefits", an actuarial valuation has been carried out in respect of gratuity. The discount rate assumed is 7.70% p.a. (31 March 2017: 7.50% p.a.) 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 (31 March 2017: 58 years) and mortality table is as per IALM (2006-08) (31 March 2017: IALM (2006-08)).

The estimates of future salary increases, considered in actuarial valuation is 10% p.a. for first three years and 6% p.a. thereafter (31 March 2017: 10% p.a. for first three years and 6% p.a. thereafter), taking into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The plan assets are maintained with Life Insurance Corporation of India in respect of gratuity scheme for certain employees of two units of the Group. The details of investments maintained by Life Insurance Corporation are not available with the Group, hence not disclosed. The expected rate of return on plan assets is 7.70% p.a. (31 March 2017: 7.50% p.a.).

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

	(₹ in million)	
	31 March 2018	31 March 2017
Present value of obligation at the beginning of the year	650.23	574.67
Current service cost	83.23	74.05
Interest cost	48.77	44.66
Actuarial loss	45.36	41.68
Benefits paid	(54.35)	(84.83)
Present value of obligation at the end of the year	773.24	650.23

Reconciliation of the present value of defined benefit obligation and the fair value of the plan assets:

	(₹ in million)	
	As at	
	31 March 2018	31 March 2017
Present value of obligation at the end of the year	773.24	650.23
Fair value of plan assets at the end of the year	(32.43)	(27.05)
Net liabilities recognised in the Balance Sheet	740.81	623.18

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

Fair value of plan assets**:

	(₹ in million)	
	31 March 2018	31 March 2017
Plan assets at the beginning of the year	27.05	22.90
Expected return on plan assets	2.03	1.81
Contribution by employer	5.86	5.77
Actual benefits paid	(3.11)	(2.69)
Actuarial gain / (loss)	0.60	(0.74)
Plan assets at the end of the year	32.43	27.05

** In respect of two location, the plan assets were invested in insurer managed funds.

Group's best estimate of contribution during next year is ₹ 147.35 million (31 March 2017: ₹ 127.33 million).

Expense recognised in the Consolidated Statement of Profit and Loss under employee benefits expense:

	(₹ in million)	
	For the year ended	
	31 March 2018	31 March 2017
Current service cost	83.23	74.05
Interest cost	46.74	42.85
Expense recognised in the Consolidated Statement of Profit and Loss	129.97	116.90

Amount recognised in the other comprehensive income:

	(₹ in million)	
	For the year ended	
	31 March 2018	31 March 2017
Actuarial (gain)/loss due to demographic assumption change	(1.75)	0.93
Actuarial (gain)/loss due to financial assumption change	(5.03)	10.32
Actuarial loss due to experience adjustment	52.14	30.43
Actuarial (gain)/loss on plan assets	(0.60)	0.74
Amount recognised in the other comprehensive income	44.76	42.42

Sensitivity analysis:

Discount rate

	31 March 2018		31 March 2017	
Sensitivity level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit	(18.86)	19.88	(16.07)	16.92

Future salary increase

	31 March 2018		31 March 2017	
Sensitivity level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit	19.99	(19.15)	17.00	(16.29)

The sensitivity analysis above has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant.

i. Provident Fund:

The Group makes monthly contributions to provident fund managed by trust for qualifying employees. Under the scheme, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. As per Ind AS 19 on "Employee Benefits", employer established provident fund trusts are treated as defined benefit plans, since the Group is obliged to meet interest shortfall, if any, with respect to covered

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

employees. The total liability of ₹ Nil (31 March 2017: ₹ Nil) as worked out by the actuary has been allocated to each entity based on the corpus value of each entity as at 31 March 2018. Accordingly, liability of ₹ Nil (31 March 2017: ₹ Nil) has been allocated to Group and ₹ Nil (31 March 2017: ₹ Nil) has been charged to Consolidated Statement of Profit and Loss during the year.

Actuarial assumptions made to determine interest rate guarantee on exempt provident fund liabilities are as follows:

	As at	
	31 March 2018	31 March 2017
Discount rate	7.70%	7.50%
Guaranteed rate of return	8.55%	8.65%

The Group has contributed ₹ 138.03 million to provident fund (31 March 2017: ₹ 118.78 million) for the year.

(C) Other long term benefits (compensated absences):

(₹ in million)

	As at	
	31 March 2018	31 March 2017
Present value of obligation at the end of the year	591.18	527.82

32. Fair value measurements

(₹ in million)

	Note	Level of hierarchy	Carrying Value as at		Fair Value as at	
			31 March 2018	31 March 2017	31 March 2018	31 March 2017
Financial assets						
FVTOCI						
Investments in quoted equity instruments	(c)	1	37.29	69.06	37.29	69.06
Investments in other equity instruments	(d)	3	793.74	749.19	793.74	749.19
FVTPL						
Investments in Equity instruments	(d)	3	404.19	208.89	404.19	208.89
Amortised Cost						
Trade receivables	(a)		11,307.64	10,053.05	11,307.64	10,053.05
Loans	(a, b)		190.90	191.67	190.90	191.67
Cash and cash equivalents	(a)		2,441.76	4,564.44	2,441.76	4,564.44
Other bank balances	(a)		46.18	31.87	46.18	31.87
Other financial assets	(a, b)		888.04	318.01	888.04	318.01
Total financial assets			16,109.74	16,186.18	16,109.74	16,186.18
Financial liabilities						
Amortised Cost						
Secured rated listed non-convertible debentures	(c)	1	4,930.33	4,922.26	4,843.57	4,847.68
4.875% senior notes	(c)	1	19,325.59	19,173.30	19,208.86	19,406.36
Other borrowings	(a, c)	3	10,432.97	16,357.29	10,469.26	16,521.92
Trade payables	(a)		11,361.61	7,494.90	11,361.61	7,494.90
Other financial liabilities	(a)		4,977.29	3,858.17	4,977.29	3,858.17
Total financial liabilities			51,027.79	51,805.92	50,860.59	52,129.03

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

The following methods / assumptions were used to estimate the fair values:

- (a) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.
- (b) Fair valuation of non-current financial assets has been disclosed to be same as carrying value as there is no significant difference between carrying value and fair value.
- (c) Fair value of quoted financial instruments (including listed debentures and bonds) is based on quoted market price at the reporting date. The fair value of other long-term borrowings is estimated by discounting future cash flows using current rates (applicable to instruments with similar terms, currency, credit risk and remaining maturities) to discount the future payouts.
- (d) The fair value is determined by using the valuation model/technique with observable/non-observable inputs and assumptions.

There are no transfers between Level 1, Level 2 and Level 3 during the year ended 31 March 2018 and 31 March 2017.

Reconciliation of Level 3 fair value measurement:

	(₹ in million)	
	For the year ended	
	31 March 2018	31 March 2017
Opening balance	958.08	820.60
Additional investment	195.33	108.62
Loss recognized in statement of P&L	(1.31)	-
Gain recognized in other comprehensive income	40.76	48.14
Foreign currency translation adjustment	5.07	(19.28)
Closing balance	1,197.93	958.08

33. Financial risk management

Risk management framework

The Parent Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group, through three layers of defense namely policies and procedures, review mechanism and assurance aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Audit committee of the Board with top management oversees the formulation and implementation of the risk management policies. The risks are identified at business unit level and mitigation plan are identified, deliberated and reviewed at appropriate forums.

The Group has exposure to the following risks arising from financial instruments:

- credit risk (see (i));
- liquidity risk (see (ii)); and
- market risk (see (iii)).

i. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, loans and investments. The carrying amount of financial assets represents the maximum credit exposure.

Trade receivables and other financial assets

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and business intelligence. Sale limits are established for each customer and reviewed annually. Any sales exceeding those limits require approval from the appropriate authority as per policy.

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are institutional, dealers or end-user customer, their geographic location, industry, trade history with the Group and existence of previous financial difficulties.

As at 31 March 2018, there is no major customer in terms of credit risk for the Group. As at 31 March 2017 one customer was having 12% share in total trade receivables of the Group.

Expected credit loss with respect to trade receivables:

Based on internal assessment which is driven by the historical experience/ current facts available in relation to default and delays in collection thereof, the credit risk for trade receivables is considered low. The Group estimates its allowance for trade receivable using lifetime expected credit loss. The balance past due for more than 6 month (net of expected credit loss allowance) is ₹ 71.18 million (31 March 2017: ₹ 10.78 million).

Movement in the expected credit loss allowance of trade receivables are as follows:

	(₹ in million)	
	As at	
	31 March 2018	31 March 2017
Balance at the beginning of the year	158.73	162.39
Add: Provided during the year (net of reversal)	30.48	2.27
Less: Amount written off */ translation adjustment	(64.48)	(5.93)
Balance at the end of the year	124.73	158.73

*Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Group.

Expected credit loss with respect to other financial asset:

With regards to all financial assets with contractual cash flows, other than trade receivables, management believes these to be high quality assets with negligible credit risk. The management believes that the parties, from which these financial assets are recoverable, have strong capacity to meet the obligations and where the risk of default is negligible and accordingly no provision for expected credit loss has been provided on these financial assets. Break up of financial assets other than trade receivables have been disclosed in Consolidated Balance Sheet.

ii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's treasury department is responsible for managing the short-term and long-term liquidity requirements. Short-term liquidity situation is reviewed daily by the treasury department. Long-term liquidity position is reviewed on a regular basis by the Parent Company's Board of Directors and appropriate decisions are taken according to the situation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and exclude the impact of netting agreements.

As at 31 March 2018	Carrying Amount	(₹ in million)		
		Contractual Cash flows		
		Total	Within 1 year	More than 1 year
Non-derivative financial liabilities				
Borrowings (1)	34,688.89	34,964.05	4,293.84	30,670.21
Trade payables	11,361.61	11,361.61	11,361.61	-
Other financial liabilities	4,977.29	4,977.29	2,455.21	2,522.08

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

As at 31 March 2017	Carrying Amount	Contractual Cash flows		
		Total	Within 1 year	More than 1 year
Non-derivative financial liabilities				
Borrowings (1)	40,452.85	40,896.00	5,510.34	35,385.66
Trade payables	7,494.90	7,494.90	7,494.90	-
Other financial liabilities	3,858.17	3,858.17	1,996.98	1,861.19

(1) Carrying amount presented as net of unamortised transaction cost.

iii. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of the Group companies. The functional currencies of the Group companies are primarily the INR, USD, CAD and EUR. The currencies in which these transactions are primarily denominated are EUR, USD, CAD and INR.

The Parent Company follows a natural hedge driven currency risk mitigation policy, to the extent possible. Any residual risk is evaluated and appropriate risk mitigating steps are taken, including but not limited to, entering into forward contracts and interest rate swaps.

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

(₹ in million)

	As at 31 March 2018				As at 31 March 2017			
	USD	EUR	CAD	OTHER	USD	EUR	CAD	OTHER
Cash and cash equivalents	768.54	0.48	41.68	26.66	2,323.01	-	-	3.39
Trade receivables	4,468.73	1,222.62	1.12	121.80	4,104.34	920.64	16.62	73.41
Other financial assets	3,406.11	8.12	32.40	10.61	331.93	6.93	309.04	-
Trade payables	(6,274.53)	(134.73)	(48.46)	(91.93)	(3,917.52)	(71.26)	(18.01)	(22.23)
Borrowings	(641.66)	-	-	-	(1,778.91)	-	-	-
Other financial liabilities	(30.85)	-	(34.58)	(36.51)	(0.02)	-	-	-
Net statement of financial position exposure	1,696.34	1,096.49	(7.84)	30.63	1,062.83	856.31	307.65	54.57

Sensitivity analysis

A reasonably possible strengthening/weakening of the EUR, USD, CAD, INR or other currencies against all other currencies at year end would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact on forecast sales and purchases.

(₹ in million)

	Profit or loss (before tax)	
	Strengthening	Weakening
31 March 2018		
USD (1% movement)	16.96	(16.96)
EUR (1% movement)	10.96	(10.96)
CAD (1% movement)	(0.08)	0.08
Other (1% movement)	0.31	(0.31)

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

	Profit or loss (before tax)	
	Strengthening	Weakening
31 March 2017		
USD (1% movement)	10.48	(10.48)
EUR (1% movement)	8.56	(8.56)
CAD (1% movement)	3.08	(3.08)
Other (1% movement)	0.54	(0.54)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Group are principally denominated in INR and USD with a mix of fixed and floating rates of interest. The Group has exposure to interest rate risk, arising principally on changes in base lending rate and LIBOR rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

Exposure to interest rate risk

The interest rate profile of the Group's interest bearing financial instruments (excluding term loan amounting to USD 60 million from International Financial Corporation, refer note 43 for the same), as reported to the management of the Group is as follows:

(₹ in million)

	As at	
	31 March 2018	31 March 2017
Fixed-rate borrowings	25,169.73	27,330.10
Floating rate borrowings	6,001.43	9,791.63

The sensitivity analyses below have been determined based on the exposure to interest rates for floating rate liabilities assuming the amount of the liability outstanding at the year-end was outstanding for the whole year.

If interest rates had been 25 basis points higher / lower and all other variables were held constant, the Group's profit before tax for the year ended 31 March 2018 would decrease / increase by ₹ 15.00 million (31 March 2017: ₹ 22.28 million). This is mainly attributable to the Group's exposure to interest rates on its floating rate borrowings.

34. Capital management

(a) Risk management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio:

'Net debt' (total borrowings net of cash and cash equivalents and other bank balances) divided by 'Total equity' (as shown in the Consolidated Balance Sheet, including non-controlling interest).

The gearing ratios were as follows:

(₹ in million)

	As at	
	31 March 2018	31 March 2017
Net debt	32,200.95	35,856.54
Total equity	40,350.08	33,886.55
Net debt to equity ratio	0.80	1.06

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

b) Dividends

	(₹ in million)	
	31 March 2018	31 March 2017
(i) Equity shares		
Final dividend for the year ended 31 March 2017 of ₹ 3 per fully paid equity share (31 March 2016 of ₹ 3 per fully paid up equity share)	575.12	575.12
(ii) Dividend not recognised at the end of the reporting period	576.07	575.12
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of ₹ 3 per fully paid equity share (31 March 2017: ₹ 3). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.		

35. Segment information

Business Segments

The Chairman and Co-Chairman and Managing Director of the Parent Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108 "Operating Segments". Operating Segments have been defined and presented based on the regular review by the CODM to assess the performance of each segment and to make decision about allocation of resources. Accordingly, the Group has determined reportable segments by the nature of its products and services, which are as follows:

- a. **Pharmaceuticals:** i) Generics comprising Active Pharmaceuticals Ingredients (APIs) and Solid Dosage Formulations ii) Specialty Pharmaceuticals (sterile products) comprising Radiopharmaceuticals, Allergy Therapy products, Contract Manufacturing Operations (CMO) of Sterile Injectables iii) Indian Branded Pharmaceuticals;
- b. **Life Sciences Ingredients:** i) Specialty Intermediates ii) Life Sciences Chemicals iii) Nutritional Products; and
- c. **Drug Discovery Solutions:** Proprietary in-house innovation and collaborative research and partnership for out-licensing.

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the Group as a whole.

No operating segments have been aggregated to form the above reportable operating segments.

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and not allocable to segments on reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

Finance costs and fair value gains and losses on certain financial assets are not allocated to individual segments as the underlying instruments are managed on a Group basis.

Borrowings, current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a Group basis.

	For the year ended 31 March 2018			For the year ended 31 March 2017		
	Total segment revenue	Inter-segment revenue	Revenue from external customer	Total segment revenue	Inter-segment revenue	Revenue from external customer
Revenue						
Pharmaceuticals	40,167.88	1.81	40,166.07	31,166.55	-	31,166.55
Life Science Ingredients	33,723.93	75.02	33,648.91	27,143.15	66.97	27,076.18
Drug Discovery Solutions	1,772.26	9.16	1,763.10	1,824.09	3.58	1,820.51
Total segment revenue	75,664.07	85.99	75,578.08	60,133.79	70.55	60,063.24

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
Result		
Pharmaceuticals	6,616.43	7,853.56
Life Science Ingredients	5,481.41	3,517.04
Drug Discovery Solutions	80.56	126.26
Total segment result	12,178.40	11,496.86
Un-allocated corporate expenses (net of un-allocated income)	796.05	797.15
Interest income	51.30	87.79
Finance costs	2,842.83	3,411.08
Profit before tax	8,590.82	7,376.42
Tax expense	2,246.64	1,630.16
Profit for the year	6,344.18	5,746.26

(₹ in million)

	Segment Assets		Segment Liabilities	
	As at			
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Pharmaceuticals	61,708.39	58,696.26	6,303.37	4,487.80
Life Science Ingredients	29,308.81	26,035.26	8,681.12	6,028.86
Drug Discovery Solutions	1,593.78	1,800.73	337.15	301.81
Segment total	92,610.98	86,532.25	15,321.64	10,818.47
Un-allocated corporate assets/ liabilities	1,960.74	2,455.24	4,184.94	3,384.65
Total	94,571.72	88,987.49	19,506.58	14,203.12
Deferred tax asset/ liabilities	1,604.46	1,418.98	1,630.63	1,863.95
Borrowings (including other current maturities)	-	-	34,688.89	40,452.85
Total assets/ liabilities	96,176.18	90,406.47	55,826.10	56,519.92

Other information:

(₹ in million)

	Capital expenditure		Depreciation/Amortisation/ Impairment	
	For the year ended			
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Pharmaceuticals	3,261.25	3,409.01	3,148.35	1,897.81
Life Science Ingredients	1,528.30	1,301.54	840.14	820.59
Drug Discovery Solutions	134.39	167.99	104.41	132.20
Un-allocated	7.40	19.01	57.59	63.39
Total	4,931.34	4,897.55	4,150.49	2,913.99

Information about Geographical segments:

(₹ in million)

	For the year ended	
	31 March 2018	31 March 2017
Revenue by geographical markets		
India	21,409.38	17,595.35
Americas and Europe	46,901.10	36,039.74
China	2,018.01	1,377.01
Rest of the world	5,249.59	5,051.14
Total	75,578.08	60,063.24

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

	As at	
	31 March 2018	31 March 2017
Non-current assets (by geographical location of assets)*		
Within India	28,323.66	27,376.00
Outside India	33,115.27	31,103.14
Total	61,438.93	58,479.14

*Non-current assets are excluding financial investments and deferred tax assets.

For the year ended 31 March 2018 and 31 March 2017, there is no major customer with respect to consolidated revenue of the Group.

36. Related Party Disclosures

a) Key management personnel (KMP) and related entities:

Mr. Shyam S. Bhartia, Mr. Hari S. Bhartia, Mr. R. Sankaraiah, Mr. S Sridhar, Ms. Sudha Pillai, Dr. Ashok Misra, Mr. Shardul S. Shroff (upto 24 May 2016), Mr. Shyamsundar Bang (Executive Director upto 7 February 2017 and continued as Non-Executive Director upto 31 March 2017), Mr. Pramod Yadav (from 1 April 2017 to 16 January 2018), Mr. Rajesh Kumar Srivastava (w.e.f. 17 January 2018), Mr. Sushil Kumar Roongta (w.e.f. 23 May 2017), Mr. Vivek Mehra (w.e.f. 23 May 2017), Mr. Rajiv Shah.

Jubilant Enpro Private Limited, Jubilant Oil & Gas Private Limited, Jubilant FoodWorks Limited, B&M Hot Breads Private Limited, Jubilant Industries Limited, Jubilant Agri and Consumer Products Limited, Jubilant MotorWorks Private Limited, Jubilant Consumer Private Limited (formerly Jubilant Fresh Private Limited), Priority Vendor Technologies Private Limited (related to relatives of KMP), Jubilant Industries Inc., USA.

b) Others:

Vam Employees Provident Fund Trust, Jubilant Bhartia Foundation, Vam Officers Superannuation Fund.

FY 2017-18

(₹ in million)

Sr. No.	Particulars	Enterprise in which certain key management personnel are interested	Key management personnel	Others	Total
	Description of transactions:				
1.	Sales of goods and services:				
	Jubilant FoodWorks Limited	0.95			0.95
	Jubilant Agri and Consumer Products Limited	131.64			131.64
		132.59			132.59
2.	Rental and other income:				
	Jubilant Enpro Private Limited	14.43			14.43
	Jubilant Oil & Gas Private Limited	15.09			15.09
	Jubilant FoodWorks Limited	10.15			10.15
	Jubilant Industries Limited	0.18			0.18
	Jubilant Agri and Consumer Products Limited	49.31			49.31
	Jubilant MotorWorks Private Limited	0.64			0.64
	Jubilant Industries Inc., USA	1.55			1.55
	Jubilant Consumer Private Limited	1.87			1.87
		93.22			93.22
3.	Purchase of goods and services:				
	Priority Vendor Technologies Private Ltd	0.84			0.84
	Jubilant Agri and Consumer Products Limited	142.49			142.49
		143.33			143.33

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

FY 2017-18

(₹ in million)

Sr. No.	Particulars	Enterprise in which certain key management personnel are interested	Key management personnel	Others	Total
4.	Recovery of expenses:				
	Jubilant Enpro Private Limited	0.21			0.21
	Jubilant Agri and Consumer Products Limited	27.18			27.18
	Jubilant Industries Inc., USA	0.41			0.41
	Jubilant Oil & Gas Private Limited	0.65			0.65
		28.45			28.45
5.	Reimbursement of expenses:				
	Jubilant Industries Limited	1.27			1.27
	Jubilant Agri and Consumer Products Limited	1.06			1.06
	Jubilant Enpro Private Limited	1.46			1.46
		3.79			3.79
6.	Remuneration (including perquisites)* :				
	Mr. Shyam S. Bhartia		133.34		133.34
	Mr. Hari S. Bhartia		133.92		133.92
	Mr. R Sankaraiah		62.91		62.91
	Mr. Pramod Yadav		28.73		28.73
	Mr. Rajesh Kumar Srivastava		6.06		6.06
	Mr. Rajiv Shah		8.16		8.16
			373.12		373.12
7.	Sitting fees:				
	Dr. Ashok Misra		0.40		0.40
	Mr. S Sridhar		0.54		0.54
	Ms. Sudha Pillai		0.55		0.55
	Mr. Sushil Kumar Roongta		0.25		0.25
	Mr. Vivek Mehra		0.25		0.25
			1.99		1.99
8.	Commission:				
	Dr. Ashok Misra		1.00		1.00
	Mr. S Sridhar		1.00		1.00
	Ms. Sudha Pillai		1.00		1.00
	Mr. Sushil Kumar Roongta		0.86		0.86
	Mr. Vivek Mehra		0.86		0.86
			4.72		4.72
9.	Company's contribution to provident fund trust :				
	Vam Employee Provident Fund Trust			138.03	138.03
				138.03	138.03
10.	Company's contribution to superannuation fund:				
	Vam Officers Superannuation Fund			6.98	6.98
				6.98	6.98
11.	Rent expenses:				
	Jubilant Enpro Private Limited	21.80			21.80
		21.80			21.80

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

FY 2017-18

(₹ in million)

Sr. No.	Particulars	Enterprise in which certain key management personnel are interested	Key management personnel	Others	Total
12.	Donation:				
	Jubilant Bhartia Foundation			36.91	36.91
				36.91	36.91
	Amount outstanding:				
13.	Commission payable #:				
	Mr. Hari S. Bhartia		45.00		45.00
	Dr. Ashok Misra		1.00		1.00
	Mr. S Sridhar		1.00		1.00
	Ms. Sudha Pillai		1.00		1.00
	Mr. Sushil Kumar Roongta		0.86		0.86
	Mr. Vivek Mehra		0.86		0.86
			49.72		49.72
14.	Trade payables:				
	Jubilant Industries Limited	4.71			4.71
	Jubilant Agri and Consumer Products Limited	22.61			22.61
	Jubilant Enpro Private Limited	14.34			14.34
		41.66			41.66
15.	Other payables:				
	Jubilant Oil & Gas Private Limited	1.44			1.44
	B&M Hot Breads Private Limited	0.32			0.32
	Vam Employees Provident Fund Trust			27.81	27.81
	Vam Officers Superannuation Fund			0.58	0.58
		1.76		28.39	30.15
16.	Trade receivables:				
	Jubilant FoodWorks Limited	0.95			0.95
	Jubilant Industries Limited	0.10			0.10
	Jubilant Agri and Consumer Products Limited	63.65			63.65
		64.70			64.70
17.	Deposits recoverable:				
	Jubilant Enpro Private Limited	1.57			1.57
		1.57			1.57
18.	Other recoverables:				
	Jubilant Oil & Gas Private Limited	1.16			1.16
	Jubilant Agri and Consumer Products Limited	20.52			20.52
	B&M Hot Breads Private Limited	0.32			0.32
	Jubilant FoodWorks Limited	9.84			9.84
	Jubilant MotorWorks Private Limited	0.26			0.26
	Jubilant Industries Inc., USA	1.45			1.45
	Jubilant Consumer Private Limited	1.69			1.69
		35.24			35.24

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

FY 2016-17

(₹ in million)

Sr. No.	Particulars	Enterprise in which certain key management personnel are interested	Key management personnel	Others	Total
	Description of transactions:				
1.	Sales of goods and services:				
	Jubilant Agri and Consumer Products Limited	142.02			142.02
		142.02			142.02
2.	Rental and other income:				
	Jubilant Enpro Private Limited	13.36			13.36
	Jubilant Oil & Gas Private Limited	12.74			12.74
	Jubilant FoodWorks Limited	14.43			14.43
	Jubilant Industries Limited	0.18			0.18
	Jubilant Agri and Consumer Products Limited	49.02			49.02
	Jubilant MotorWorks Private Limited	1.59			1.59
	Jubilant Consumer Private Limited	0.71			0.71
	Jubilant Industries Inc., USA	1.61			1.61
		93.64			93.64
3.	Purchase of goods and services:				
	Priority Vendor Technologies Private Limited	1.30			1.30
	Jubilant Agri and Consumer Products Limited	115.95			115.95
		117.25			117.25
4.	Recovery of expenses:				
	Jubilant Agri and Consumer Products Limited	22.16			22.16
	Jubilant Oil & Gas Private Limited	1.02			1.02
		23.18			23.18
5.	Reimbursement of expenses:				
	Jubilant Industries Limited	1.84			1.84
	Jubilant Enpro Private Limited	0.86			0.86
		2.70			2.70
6.	Remuneration (including perquisites) *:				
	Mr. Shyam S. Bhartia		84.95		84.95
	Mr. Hari S. Bhartia		42.07		42.07
	Mr. Shyamsundar Bang		37.82		37.82
	Mr. R Sankaraiah		70.18		70.18
	Mr. Rajiv Shah		7.14		7.14
			242.16		242.16
7.	Sitting fees:				
	Dr. Ashok Misra		0.47		0.47
	Mr. S Sridhar		0.55		0.55
	Ms. Sudha Pillai		0.53		0.53
			1.55		1.55
8.	Commission:				
	Dr. Ashok Misra		1.00		1.00
	Mr. S Sridhar		1.00		1.00
	Ms. Sudha Pillai		1.00		1.00
			3.00		3.00
9.	Company's contribution to provident fund trust :				
	Vam Employee Provident Fund Trust			118.78	118.78
				118.78	118.78

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

FY 2016-17

(₹ in million)

Sr. No.	Particulars	Enterprise in which certain key management personnel are interested	Key management personnel	Others	Total
10.	Company's contribution to superannuation fund:				
	Vam Officers Superannuation Fund			7.21	7.21
				7.21	7.21
11.	Rent expenses:				
	Jubilant Enpro Private Limited	9.06			9.06
		9.06			9.06
12.	Donation:				
	Jubilant Bhartia Foundation			25.09	25.09
				25.09	25.09
	Amount outstanding :				
13.	Commission payable #:				
	Mr. Hari S. Bhartia		6.00		6.00
	Dr. Ashok Misra		1.00		1.00
	Mr. S Sridhar		1.00		1.00
	Ms. Sudha Pillai		1.00		1.00
			9.00		9.00
14.	Trade payables:				
	Jubilant Industries Limited	3.48			3.48
	Jubilant Agri and Consumer Products Limited	30.43			30.43
	Jubilant Enpro Private Limited	1.26			1.26
		35.17			35.17
15.	Other payables:				
	Jubilant Oil & Gas Private Limited	1.44			1.44
	B&M Hot Breads Private Limited	0.32			0.32
	Vam Employees Provident Fund Trust			27.87	27.87
	Vam Officers Superannuation Fund			0.61	0.61
		1.76		28.48	30.24
16.	Trade receivables:				
	Jubilant Agri and Consumer Products Limited	64.94			64.94
		64.94			64.94
17.	Deposits recoverable:				
	Jubilant Enpro Private Limited	1.27			1.27
		1.27			1.27
18.	Other recoverables:				
	Jubilant Oil & Gas Private Limited	0.77			0.77
	Jubilant Agri and Consumer Products Limited	23.18			23.18
	B&M Hot Breads Private Limited	0.32			0.32
	Jubilant FoodWorks Limited	1.03			1.03
	Jubilant MotorWorks Private Limited	0.39			0.39
	Jubilant Consumer Private Limited	1.89			1.89
	Jubilant Industries Inc., USA	0.78			0.78
		28.36			28.36

* As the liabilities for the gratuity and compensated absences are provided on an actuarial basis, and calculated for the Company as a whole, the said liabilities pertaining specifically to KMP are not known and hence, not included in the above table.

Commission payable is subject to the approval of shareholders in the annual general meeting.

The Group is in the process of updating the documentation for the specified transactions entered into with the specified persons and associated enterprises during the financial year. The management is of the opinion that its specified transactions are at arm's length and will not have any impact on the consolidated financial statements, particularly on the amount of tax expense and that of provision for taxation.

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

37. Contingent liabilities to the extent not provided for:

A. Guarantees:

Outstanding guarantees furnished by Banks on behalf of the Group are ₹ 921.98 million (31 March 2017: ₹ 721.80 million).

B. Claims against Group, disputed by the Group, not acknowledged as debt:

(₹ in million)

	As at	
	31 March 2018	31 March 2017
Central Excise	682.70	1,270.99
Customs	16.05	12.13
Sales Tax	68.14	94.32
Income Tax	5,367.44	1,479.65
Service Tax and GST	478.01	250.65
State Excise	600.91	522.40
Others	350.16	373.53

Excluding claims in respect of business transferred to Jubilant Industries Limited in accordance with the demerger scheme approved by the Hon'ble Allahabad High Court, though the litigations may be continuing in the name of the Parent Company.

Future cash outflows in respect of the above matters as well as for matters listed under 37C below are determinable only on receipt of judgments/decisions pending at various stages/forums.

C. Other contingent liabilities as at 31 March 2018

- (i) A customer had filed an arbitration claim in 2013 before the International Court of Arbitration, International Chamber of Commerce, Paris ("ICC") against Jubilant Pharmaceuticals NV (JPNV), a subsidiary of the Group in Belgium alleging contravention of certain provisions of Licensing and Supply agreement between the parties and claiming damages (excluding interest) amounting to Euro 2.08 million equivalent to ₹ 168.34 million (31 March 2017: ₹ 144.36 million). JPNV has also filed a counter claim against this customer for damages amounting to Euro 2.38 million equivalent to ₹ 192.28 million (31 March 2017: ₹ 164.89 million) in the same dispute. During the current year, Partial Award No. 2 dated 5 September 2017 was passed by the Arbitrator wherein claims of the customer were allowed for Euro 0.67 million equivalents to ₹ 54.03 million but the customer was restrained from using, either directly or indirectly, Jubilant Dossiers and also directed to return Jubilant Dossiers to Jubilant. The customer filed a review of the Partial Award No. 2 which was rejected by the Sole Arbitrator on 9 October 2017. Further, Partial Award No. 3 dated 14 February 2018 was passed by the Arbitrator making the customer liable for damages of Euro 5,000 (₹ 0.40 million) per day for any use, either directly or indirectly, of Jubilant Dossiers and Euro 1,000 (₹ 0.08 million) per day for non-return of Dossiers to Jubilant before 16 March 2018. The Arbitrator is yet to decide on the counterclaims filed by Jubilant. On 5 March 2018, the customer has also challenged the Partial Awards before Court of Brussels, on which Jubilant is filing its reply. Additionally, on 19 March 2018, the customer has filed a challenge against the Sole Arbitrator before the ICC alleging lack of impartiality and seeking his replacement. Jubilant has filed its reply thereon on 3 April 2018, which is under consideration of the ICC.
- (ii) Additionally, the Group is involved in other disputes, lawsuits, claims, governmental and/ or regulatory inspections, inquiries, investigations and proceedings, including commercial matters that arise from time to time in the ordinary course of business.

The Group believes that none of these matters, either individually or in aggregate, are expected to have any material adverse effect on its consolidated financial statements.

38. Commitments as at year end

a) Capital Commitments:

Estimated amount of contracts remaining to be executed on capital account (net of advances) is ₹ 2,197.42 million (31 March 2017: ₹ 1,700.21 million).

b) Leases:

- i) The Group's significant operating lease arrangements are in respect of premises (residential, offices, godown etc.). These leasing arrangements, which are cancellable, range between 11 months and 10 years generally

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

and are usually renewable by mutual agreeable terms. The aggregate lease rentals payable are charged as expenses. Rental payments under such leases are ₹ 112.97 million (31 March 2017: ₹ 123.31 million) has been included under rent expense in note 28.

- ii) The Group has operating lease arrangements in respect of vehicles which are cancellable, range between 2 years and 5 years. The aggregate lease rentals payable are charged as expenses. Rental expenses recognized under such leases amounting to ₹ 8.40 million (31 March 2017: ₹ 10.31 million) has been included under vehicle running and maintenance expense in note 28.
- iii) The Group has significant operating lease arrangements which are non-cancellable for a period up to 5 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

The schedule of future minimum lease rental payments in respect of non-cancellable operating leases is set out below:

(₹ in million)

	Minimum lease payments as at	
	31 March 2018	31 March 2017
Not later than one year	283.46	35.63
Later than one year but not later than five years	451.89	90.13
Later than five years	20.30	-

Rental expenses recognised under such leases during the year are ₹ 232.54 million (31 March 2017: ₹ 55.70 million).

- iv) Assets acquired under finance lease:

(₹ in million)

	Minimum lease payments		Present value of minimum lease payments		Future interest	
	As at					
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Not later than one year	107.80	18.57	95.31	12.29	12.49	6.28
Later than one year but not later than five years	81.98	46.61	68.00	38.81	13.98	7.80
Later than five years	5.69	-	5.42	-	0.27	-

There is no element of contingent rent or sub lease payments. The Group 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.

c) Other Commitments:

Export obligation undertaken by the Group 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 ₹ 147.29 million (31 March 2017: ₹ 118.11 million). Similarly, export obligation under Advance License Scheme on duty free import of specific raw materials, remaining outstanding is ₹ 2,607.82 million (31 March 2017: ₹ 5,779.41 million).

39. Expenditure incurred under section 135 of the Companies Act, 2013 on Corporate Social responsibility (CSR) activities is included under donation.
40. (a) Government grant recoverable ₹ 303.29 million (31 March 2017: ₹ 364.65 million) and Government grant recognized ₹ 618.38 million (31 March 2017: ₹ 657.87 million) in Consolidated Statement of Profit and Loss.
40. (b) During the year, finance costs amounting to ₹ 153.21 million (31 March 2017: ₹ 449.33 million) has been capitalized calculated using capitalisation rate of 2.1% to 8.0% (31 March 2017: 2.4% to 10.0%).

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

41. Business combination

On 31 August 2017, subject to customary closing conditions, the Group, through Jubilant Draximage Radiopharmacies Inc. (a wholly owned step-down subsidiary), acquired through an Asset Purchase Agreement ("APA") substantially all of the assets comprising the Radiopharmacy Business and assumed only certain specific, related liabilities, from Triad Isotopes, Inc. ("Triad") for a purchase consideration of USD 20.42 million (₹ 1,305.12 million), subject to pending final adjustments to the working capital. The acquisition cost of ₹ 161.33 million has been expensed as incurred.

Triad operated the second largest radiopharmacy network in the US with more than 50 pharmacies under its fold. This acquisition is a strong strategic fit with our niche radio pharma business and will help us better directly serve healthcare providers and their patients with high quality radio pharma products.

This being a business purchase has been accounted for in accordance with the Ind AS 103 "Business Combinations" and the preliminary purchase price allocation as at 31 March 2018 due to pending finalization of working capital adjustment and certain information about fair valuation of acquired assets and assumed liabilities, is as follows:

Provisional Values	(₹ in million)
	Fair value
Property, plant and equipment	543.10
Other intangible assets	103.16
Inventories	305.07
Trade receivables	1,060.36
Other financial assets	193.66
Other assets	62.50
Borrowings	(191.94)
Trade Payable	(1,125.68)
Provisions	(137.95)
Other financial liabilities	(211.95)
Other liabilities	(22.00)
Net assets acquired	578.33
Goodwill	726.79
Total consideration	1,305.12

Goodwill comprises value of acquired workforce and expected synergies arising from the acquisition. Goodwill is deductible for tax purpose.

From the date of acquisition to 31 March 2018, the acquired business contributed revenue of ₹ 7,701.02 million and loss before tax of ₹ 786.83 million to the Group's results. If acquisition had occurred on 1 April 2017, management estimates that the contribution to the Group in terms of revenue and loss before tax would have been ₹ 13,491.84 million and ₹ 1,172.33 million, respectively. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 April 2017.

42. The carrying value of internally generated product registration/market authorisation and other intangibles (including intangible assets under development) has been reviewed and based on prevailing market conditions, technical and financial assessment, ₹ 910.22 million (31 March 2017 ₹ 36.90 million) have been charged off and included under depreciation, amortisation and impairment expense in the Consolidated Statement of Profit and Loss.
43. During the year ended 31 March 2015, the Group had obtained a term loan amounting to USD 60.00 million from International Finance Corporation (IFC), due for repayment on June 15, 2020 (50%) and June 15, 2021 (50%) along with the repayment premium in accordance with the terms of the contract, if on or prior to such repayment date there has been (a) neither a Private Equity (PE) Investment nor a Qualifying IPO or (b) there has been a PE Investment but IFC has not converted the entire loan into shares pursuant to its put option. The term loan carries a differential return (in the form of discount in the event of conversion and premium in the event of redemption) to IFC under various scenarios based on the probabilities of occurrence of Private Equity (PE) Investment, Qualifying IPO and redemption. This instrument is considered as stock settled debt as the characteristic of this instrument do not expose the counterparty to risk and rewards similar to those of an owner and, therefore, do not create a shareholder relationship. Accordingly, this instrument has been classified as debt instrument only.

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

On the basis of assessment of probable return to IFC as per the terms of the agreement, the Group has recognized an expense amounting to ₹ 644.84 million (31 March 2017: ₹ 543.41 million) towards expected charge on this loan based on probabilities of occurrence of PE investment and a Qualifying IPO. Potential shares which would be issued on conversion of this term loan are considered as anti-dilutive for the purposes of EPS computation for the year ended 31 March 2018 and 31 March 2017.

44. During year ended 31 March 2018, the Group has capitalised exchange gain amounting to ₹ 4.94 million (31 March 2017: ₹ 3.80 million) to the cost of property, plant and equipment and exchange gain of ₹ 44.92 million (31 March 2017: exchange loss of ₹ 52.33 million) to foreign currency monetary item translation difference account (FCMITDA). During the year ₹ 25.25 million (31 March 2017: ₹ 67.15 million) has been amortised to the Consolidated Statement of Profit and Loss and balance of ₹ Nil (31 March 2017: ₹ 19.67 million) is carried in Consolidated Balance Sheet as at 31 March 2018.

45. Employee Stock Option Scheme

The Parent Company has two stock option plans in place namely:

- Jubilant Employees Stock Option Plan, 2005 ("Plan 2005")
- JLL Employees Stock Option Plan, 2011 ("Plan 2011")

The Nomination, Remuneration and Compensation Committee ('Committee') of the Board of Directors which comprises a majority of Independent Directors is responsible for administration and supervision of the Stock Option Plans.

Under Plan 2005, as amended, and under Plan 2011, up to 1,100,000 Stock Options and up to 5,352,000 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 the 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 up to 28 August 2009 will vest entirely within two years from the grant date, with certain lock-in provisions. Options granted after 28 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. Vesting of Options is a function of achievement of performance criteria or any other criteria, as specified by the Committee and communicated in the grant letter.

Sr. No	PLAN 2005						PLAN 2011		
	Vesting schedule (With lock in)			Vesting schedule (Without lock in)			Vesting schedule		
	Applicable for grants made up to 28 August, 2009			Applicable for grants made after 28 August, 2009					
	% 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			

There were no options granted during the year ended 31 March 2018 and 31 March 2017, accordingly disclosures as required under Ind AS 102 w.r.t. weighted average fair value of stock options granted during the year is not applicable.

In 2008-09, members approved constitution of Jubilant Employees Welfare Trust ('Trust') 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/subsidiaries from time to time on the

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

terms and conditions specified under respective Plans. The members authorised grant of loan(s) from time to time to the Trust in one or more tranches, up to ₹ 1,000 million either free of interest or at interest agreed between the Board and the Trust.

Up to 31 March 2018, the Trust has purchased 6,363,506 equity shares of the Parent Company from the open market, out of interest free loan provided by the Group, of which 2,856,689 (31 March 2017: 2,814,555) shares were transferred to the employees on exercise of Options. The Trust is also holding 170,364 (31 March 2017: 170,878) equity shares of Jubilant Industries Limited issued to it in accordance with the Scheme of Amalgamation and Demerger amongst the Company, Jubilant Industries Limited and others.

The movement in the equity shares held by trust:

	Number of equity shares	
	31 March 2018	31 March 2017
At the commencement of the year	3,548,951	3,904,526
Transfer to employees on exercise of options	42,134	355,575
At the end of the year	3,506,817	3,548,951

The movement in the stock options under both the Plans, during the year, is set out below:

Under Plan 2005

	For the year ended			
	31 March 2018		31 March 2017	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	2,867	295.87	8,467	264.72
Forfeited/lapsed during the year	(801)	258.31	(1,900)	251.68
Exercised during the year	(2,066)	310.42	(3,700)	247.27
Outstanding at the end of the year	-	-	2,867	295.87
Exercisable at the end of the year	-	-	2,867	295.87

The Board has decided that no further grants will be made under Plan 2005.

Under Plan 2011

	For the year ended			
	31 March 2018		31 March 2017	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	71,185	216.83	431,256	216.18
Forfeited/lapsed during the year	(7,165)	214.03	(22,996)	217.61
Exercised during the year	(31,804)	220.90	(337,075)	215.95
Outstanding at the end of the year	32,216	213.43	71,185	216.83
Exercisable at the end of the year	32,216	213.43	71,185	216.83

The weighted average share price for share options exercised during the year ended 31 March 2018 is ₹ 804.21 (31 March 2017: ₹ 569.05).

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

Fair value of option granted

The weighted average fair value of options granted for Plan 2005 and Plan 2011 were ₹ 94.18 per option and ₹ 84.90 per option respectively. The fair value at grant date is determined using the Black-Scholes-Merton model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The following tables list the inputs to models used for fair valuation of two plans:

	Plan 2005	Plan 2011
Expected volatility	29.73% - 41.76%	38.36% - 45.95%
Risk free interest rate	7.52% - 9.44%	7.74% - 8.81%
Exercise price (₹)	198.55 - 359.25	170.20 - 220.90
Expected dividend yield	0.51% - 0.90%	0.63% - 1.10%
Life of options (years)	4.25	3.65

Expected volatility has been based on an evaluation of the historical volatility of the share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

Expense arising from share-based payment transaction

The expenses arising from share-based payment transaction recognised in Consolidated Statement Profit and loss as part of employee benefit expense for the year ended 31 March 2018 and 31 March 2017 were ₹ Nil and ₹ 0.01 million, respectively.

Share options outstanding at the end of the year:

Options	Options outstanding as at		Remaining contractual life as at (in years)		Exercise Price as at	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Option Plan 2005	-	2,867	-	-	-	295.87
Option Plan 2011	32,216	71,185	-	-	213.43	216.83
Total	32,216	74,052	-	-		

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

46. Additional Information, required by Schedule III

Name of the Enterprise	Net Assets - Total liabilities (Total assets - Total liabilities)		Share in profit/ (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (₹ in million)	As % of consolidated profit/ (loss)	Amount (₹ in million)	As % of Consolidated other comprehensive income	Amount (₹ in million)	As % of Consolidated total comprehensive income	Amount (₹ in million)
Parent								
Jubilant Life Sciences Limited	55.75%	22,493.82	41.52%	2,634.42	(3.85%)	(25.19)	37.28%	2,609.23
Subsidiaries								
Indian								
1 Jubilant Clinsys Limited	0.10%	40.67	0.05%	3.26	0.00%	-	0.05%	3.26
2 Jubilant Chemsys Limited	1.83%	738.01	1.50%	94.95	(0.10%)	(0.63)	1.35%	94.32
3 Jubilant Biosys Limited	(1.99%)	(801.64)	(4.09%)	(259.35)	(0.09%)	(0.58)	(3.71%)	(259.93)
4 Jubilant Infrastructure Limited	3.67%	1,480.94	2.43%	153.94	(0.54%)	(3.54)	2.15%	150.40
5 Jubilant First Trust Healthcare Limited	0.10%	41.71	(0.04%)	(2.36)	0.00%	-	(0.03%)	(2.36)
6 Jubilant Generics Limited	56.09%	22,631.29	5.45%	345.61	(0.48%)	(3.17)	4.89%	342.44
7 Jubilant Innovation (India) Limited	0.01%	3.17	(0.00%)	(0.04)	0.00%	-	(0.00%)	(0.04)
8 Jubilant DraxImage Limited	(0.06%)	(23.80)	0.03%	1.74	0.02%	0.15	0.03%	1.89
9 Vanthys Pharmaceutical Development Pvt. Limited	0.09%	36.18	0.03%	2.06	0.00%	-	0.03%	2.06
10 Jubilant Employee Welfare Trust	0.92%	371.73	0.25%	16.01	3.76%	24.60	0.58%	40.61
Foreign								
1 Jubilant Life Sciences (USA) Inc.	0.33%	132.97	(0.10%)	(6.41)	0.09%	0.57	(0.08%)	(5.84)
2 Jubilant Life Sciences (Shanghai) Limited	0.62%	249.60	0.29%	18.27	3.57%	23.32	0.59%	41.59
3 Jubilant Pharma NV	3.59%	1,450.16	(0.01%)	(0.81)	31.60%	206.66	2.94%	205.85
4 Jubilant Pharmaceuticals NV	0.09%	35.57	1.01%	63.98	0.03%	0.21	0.92%	64.19
5 PSI Supply NV	0.15%	61.80	0.46%	29.45	0.83%	5.43	0.50%	34.88
6 Jubilant Pharma Holdings Inc.	41.19%	16,621.95	(1.24%)	(78.43)	12.38%	80.96	0.04%	2.53
7 Jubilant Clinsys Inc.	1.00%	404.95	(0.25%)	(15.89)	0.30%	1.94	(0.20%)	(13.95)
8 HSL Holdings Inc.	27.39%	11,052.77	1.92%	121.51	8.41%	54.99	2.52%	176.50
9 Jubilant HollisterStier LLC	12.68%	5,115.00	23.45%	1,487.91	5.00%	32.71	21.73%	1,520.62
10 Jubilant Pharma Limited	41.08%	16,574.40	(28.57%)	(1,812.78)	10.85%	70.96	(24.89%)	(1,741.82)
11 Cadista Holdings Inc.	(0.41%)	(166.98)	(0.00%)	(0.02)	(0.13%)	(0.82)	(0.01%)	(0.84)
12 Jubilant Cadista Pharmaceuticals Inc.	18.32%	7,392.77	(15.34%)	(972.96)	4.75%	31.08	(13.46%)	(941.88)
13 Jubilant Biosys (BVI) Limited	0.22%	88.59	(0.00%)	(0.22)	0.07%	0.43	0.00%	0.21
14 Jubilant Biosys (Singapore) Pte. Limited	(0.01%)	(3.00)	(0.01%)	(0.81)	(1.79%)	(11.68)	(0.18%)	(12.49)

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

Name of the Enterprise	Net Assets (Total assets - Total liabilities)		Share in profit/ (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (₹ in million)	As % of consolidated profit/ (loss)	Amount (₹ in million)	As % of Consolidated other comprehensive income	Amount (₹ in million)	As % of Consolidated total comprehensive income	Amount (₹ in million)
15 Jubilant Discovery Services LLC	0.09%	35.68	(0.23%)	(14.35)	(6.29%)	(41.15)	(0.79%)	(55.50)
16 Jubilant Drug Development Pte. Limited	0.43%	174.95	0.24%	15.25	0.15%	0.99	0.23%	16.24
17 Jubilant Life Sciences (BVI) Limited	0.65%	261.33	(0.00%)	(0.23)	0.20%	1.28	0.02%	1.05
18 Jubilant Life Sciences International Pte. Limited	2.01%	811.19	0.33%	20.77	7.53%	49.23	1.00%	70.00
19 Jubilant Innovation (BVI) Limited	0.00%	-	0.00%	0.25	(20.74%)	(135.65)	(1.93%)	(135.40)
20 Jubilant Innovation Pte. Limited	0.07%	28.16	(0.03%)	(1.76)	0.02%	0.10	(0.02%)	(1.66)
21 Draximage Limited, Cyprus	0.00%	0.58	(0.03%)	(1.75)	(1.15%)	(7.54)	(0.13%)	(9.29)
22 Draximage Limited, Ireland	0.05%	22.01	(0.02%)	(1.48)	0.01%	0.09	(0.02%)	(1.39)
23 Jubilant Draximage (USA) Inc.	0.62%	248.96	0.34%	21.37	0.23%	1.49	0.33%	22.86
24 Jubilant Draximage Inc.	37.14%	14,987.76	75.58%	4,794.90	(4.78%)	(31.24)	68.07%	4,763.66
25 6963196 Canada Inc.	(0.00%)	(0.86)	(0.00%)	(0.01)	(0.01%)	(0.04)	(0.00%)	(0.04)
26 6981364 Canada Inc.	(0.00%)	(0.29)	(0.00%)	(0.01)	(0.00%)	(0.01)	(0.00%)	(0.02)
27 Draximage (UK) Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
28 Jubilant Innovation (USA) Inc.	1.26%	508.84	0.74%	46.98	(0.19%)	(1.26)	0.65%	45.72
29 Draxis Pharma LLC	0.04%	16.07	(0.00%)	(0.03)	0.01%	0.08	0.00%	0.05
30 Jubilant HollisterStier Inc.	0.29%	115.02	(3.42%)	(216.71)	(0.01%)	(0.08)	(3.10%)	(216.78)
31 Jubilant Life Sciences (Switzerland) AG, Schaffhausen	0.00%	-	(0.01%)	(0.88)	(0.43%)	(2.78)	(0.05%)	(3.66)
32 Jubilant Drug Discovery and Development Services Inc.	(0.02%)	(9.71)	(0.12%)	(7.31)	(0.03%)	(0.18)	(0.11%)	(7.49)
33 Drug Discovery and Development Solutions Limited	1.30%	524.62	(0.08%)	(4.93)	(66.97%)	(437.91)	(6.33%)	(442.84)
34 Jubilant Life Sciences NV	0.23%	91.83	0.69%	43.91	1.71%	11.19	0.79%	55.10
35 Jubilant Pharma Trading Inc.	0.28%	113.97	0.30%	18.77	0.09%	0.60	0.28%	19.37
36 Jubilant Pharma Australia Pty Limited	(0.00%)	(1.42)	(0.04%)	(2.44)	0.00%	0.03	(0.03%)	(2.41)
37 Jubilant Draximage Radiopharmacies Inc.	(1.45%)	(586.30)	(9.17%)	(581.53)	(0.79%)	(5.19)	(8.38%)	(586.72)
Partnership controlled through subsidiaries	6.96%	2,809.29	(2.19%)	(138.84)	19.11%	124.97	(0.20%)	(13.87)
Total eliminations*	(212.70%)	(85,824.23)	8.37%	531.21	97.64%	638.50	16.71%	1,169.69
Total	100.00%	40,350.08	100.00%	6,344.18	100.00%	653.92	100.00%	6,998.10

*Minority Interests included in respective subsidiaries (Net assets: ₹ (515.22) million, share in profit / (loss) ₹ (83.88) million, share in other comprehensive income ₹ (0.08) million and share in total comprehensive income ₹ (83.96) million.

Notes to the consolidated financial statements for the year ended 31 March 2018 (Continued)

47. Earnings per share

		For the year ended	
		31 March 2018	31 March 2017
Profit for basic and diluted earnings per share of ₹ 1 each	₹ in million	6,428.06	5,756.53
Weighted average number of equity shares used in computing earnings per share*			
For basic earnings per share	Nos.	155,840,502	155,868,944
For diluted earnings per share:			
No. of shares for basic earnings per share	Nos.	155,840,502	155,868,944
Add: Potential dilutive effects of stock options	Nos.	-	89,375
No. of shares for diluted earnings per share	Nos.	155,840,502	155,958,319
Earnings per share (face value of ₹ 1 each)			
Basic	₹	41.25	36.93
Diluted	₹	41.25	36.91

* The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions during the year. There have been no other transactions involving equity shares or potential equity shares between the reporting date and the date of authorisation of these consolidated financial statements.

48. Previous year figures have been regrouped / reclassified to conform to the current year's classification.

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached

For and on behalf of the Board of Directors of **Jubilant Life Sciences Limited**

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

Pravin Tulsyan

Partner

Membership No.: 108044

Shyam S. Bhartia

Chairman

DIN:00010484

Place: Noida

Date: 9 May 2018

Rajiv Shah

Company Secretary

R. Sankaraiah

Executive Director-Finance

Hari S. Bhartia

Co-Chairman and Managing Director

DIN:00010499

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of financial statements of subsidiary/ associates/ joint ventures as per Companies Act, 2013
PART "A" : SUBSIDIARIES**

Sr. No.	Name of the subsidiary	Date since when subsidiary was acquired / incorporated	Reporting currency	Share capital	Reserves & surplus	Total assets	Total liabilities	Investments (4)	Turnover / Total income	Profit/ (loss) before taxation	Provision for taxation	Profit/ (loss) after taxation	Foreign Currencies in absolute terms	
													% of shareholding	Proposed dividend
1	Jubilant Clinys Limited	21 September 2004	INR	20.00	20.67	40.82	0.15	-	9.66	3.94	0.68	3.26	Nil	100.00%
2	Jubilant Chemsys Limited	21 September 2004	INR	20.00	718.01	905.23	167.22	-	1,014.15	155.57	60.62	94.95	Nil	100.00%
3	Jubilant Biosys Limited	03 February 2004	INR	4.41	(806.05)	603.99	1,405.63	-	844.70	(259.35)	-	(259.35)	Nil	66.98%
4	Jubilant Infrastructure Limited	17 April 2006	INR	344.84	1,136.10	1,898.58	417.64	18.93	786.62	146.60	(7.34)	153.94	Nil	100.00%
5	Jubilant First Trust Healthcare Limited	23 May 2007	INR	20.50	21.21	41.95	0.24	-	-	(2.36)	-	(2.36)	Nil	100.00%
6	Jubilant Generics Limited	25 November 2013	INR	25.80	22,605.49	26,627.10	3,995.81	-	9,944.09	434.00	88.39	345.61	Nil	100.00%
7	Jubilant Life Sciences (USA) Inc.	04 March 1999	USD	375,000	1,665,494	10,304,906	8,264,412	-	23,609,616	(191,518)	(91,357)	(100,161)	Nil	100.00%
8	Jubilant Life Sciences (Shanghai) Limited	25 March 2004	RMB	1,652,837	22,393,717	43,017,363	18,970,809	-	1,521.88	(12.26)	(5.85)	(6.41)	Nil	100.00%
9	Jubilant Pharma NV	27 May 2004	EUR	16,180,000	1,767,544	17,961,400	13,856	-	1,310.89	19.14	0.87	18.27	Nil	100.00%
10	Jubilant Pharmaceuticals NV	28 May 2004	EUR	894.14	556.02	1,451.28	1.12	-	0.01	(0.81)	-	(0.81)	Nil	100.00%
11	PSI Supply NV	28 May 2004	EUR	1,050,300	(610,131)	2,237,935	1,797,766	-	77,597	(48,379)	(901,604)	853,225	Nil	100.00%
12	Jubilant Pharma Holdings Inc	12 September 2005	USD	246,586,975	8,468,343	331,559,781	76,504,463	-	1,958,022	(451,669)	767,953	(1,219,622)	Nil	100.00%
13	Jubilant Clinys Inc.	04 October 2005	USD	11,610.64	5,011.31	21,607.75	4,985.80	-	125.95	(29.05)	49.38	(78.43)	Nil	100.00%
14	HSL Holdings Inc.	16 May 2007	USD	37,629,630	(1,581,34)	7,953,465	1,739,857	-	461,242	(242,204)	3,531	(245,735)	Nil	100.00%
15	Jubilant Hollister LLC	31 May 2007	USD	1,986.29	(1,581.34)	518.33	113.38	-	29.68	(15.66)	0.23	(15.89)	Nil	100.00%
16	Jubilant Pharma Limited	19 May 2005	USD	19	169,599,114	277,587,957	107,988,824	-	2,812,893	1,884,767	-	1,884,767	Nil	100.00%
17	Cadista Holdings Inc.	01 July 2005	USD	-	11,052.77	18,090.41	7,037.64	-	181.32	121.51	-	121.51	Nil	100.00%
18	Jubilant Cadista Pharmaceuticals Inc.	01 July 2005	USD	21,521,278	56,965,782	148,843,806	70,356,746	-	123,605,788	23,176,292	113,959	23,062,333	Nil	100.00%
19	Jubilant Biosys (BVI) Limited	20 August 2008	USD	876.78	4,238.22	9,700.15	4,585.15	-	7,968.58	1,495.25	7.34	1,487.91	Nil	100.00%
20	Jubilant Biosys (Singapore) Pte. Limited	20 August 2008	USD	326,758,994	(72,433,405)	656,321,982	401,996,393	-	2,982,220	(26,939,321)	1,176,180	(28,115,501)	Nil	100.00%
21	Jubilant Discovery Services LLC	17 June 2008	USD	15,232.66	1,341.74	42,772.50	26,198.10	-	192.19	(1,737.04)	75.74	(1,812.78)	Nil	100.00%
22	Jubilant Drug Development Pte. Limited	19 August 2008	USD	5.40	(172.38)	4.39	171.37	-	33	(367)	-	(367)	Nil	100.00%
23	Jubilant Life Sciences (BVI) Limited	19 August 2008	USD	1	113,438,295	127,215,482	13,777,186	-	87,057,908	(13,281,076)	1,802,606	(15,083,682)	Nil	100.00%
			INR	-	7,392.77	8,290.63	897.86	-	5,610.94	(857.05)	115.91	(972.96)	Nil	100.00%
			USD	1,397,501	(38,162)	1,376,015	16,676	-	-	(3,340)	-	(3,340)	Nil	100.00%
			INR	69.85	18.74	89.67	1.08	-	-	(0.22)	-	(0.22)	Nil	100.00%
			USD	1,371,501	(1,417,511)	6,669	52,679	-	-	(12,618)	-	(12,618)	Nil	100.00%
			INR	68.56	(71.56)	0.43	3.43	-	-	(0.81)	-	(0.81)	Nil	100.00%
			USD	3,485,000	(2,937,460)	974,701	427,161	-	2,178,486	(209,795)	13,949	(223,744)	Nil	100.00%
			INR	184.60	(148.92)	63.52	27.84	-	140.58	(13.44)	0.91	(14.35)	Nil	100.00%
			USD	2,547,001	137,521	2,738,841	543.19	-	251,873	237,180	-	237,180	Nil	100.00%
			INR	127.33	47.62	178.49	3.54	-	16.20	15.25	-	15.25	Nil	100.00%
			USD	4,057,501	(47,547)	4,033,332	23,378	-	-	(3,616)	-	(3,616)	Nil	100.00%
			INR	203.05	58.28	262.85	1.52	-	-	(0.23)	-	(0.23)	Nil	100.00%

FORM AOC-1 (Continued)

Sr. No.	Name of the subsidiary	Date since when subsidiary was acquired / incorporated	Reporting currency	Share capital	Reserves & surplus	Total assets	Total liabilities	Investments (4)	Turnover / Total income	Profit/ (loss) before taxation	Provision for taxation	Profit/(loss) after taxation	Proposed dividend	Foreign Currencies in absolute terms	
														(₹ in million)	% of shareholding
24	Jubilant Life Sciences International Pte. Limited	01 April 2008	USD	437,503	12,009,758	17,156,737	4,709,476	10,868,711	27,245,883	318,560	(3,536)	322,096	Nil	100.00%	
25	Jubilant Innovation (BVI) Limited	20 March 2009	USD	19,99	791.20	1,118.10	306.91	708.31	1,757.51	20.55	(0.22)	20.77	Nil	100.00%	
26	Jubilant Innovation Pte. Limited	20 March 2009	USD	2,922,301	(2,490,149)	488,147	55,995	-	-	(27,319)	-	(27,319)	Nil	100.00%	
27	Draximage Limited, Cyprus	12 September 2008	USD	3,400	5,505	19,685	10,780	-	-	(27,145)	-	(27,145)	Nil	100.00%	
28	Draximage Limited, Ireland	20 October 2008	USD	725,004	(387,217)	344,650	6,863	-	-	(22,923)	-	(22,923)	Nil	100.00%	
29	Draximage LLC	28 May 2008	USD	35.05	(13.04)	22.46	0.45	-	-	(1.48)	-	(1.48)	Nil	-	
30	Jubilant Draximage (USA) Inc.	04 November 2008	USD	9	3,820,220	5,273,487	1,453,258	-	4,247,160	642,150	308,523	333,627	Nil	100.00%	
31	Deprenyl Inc., USA	04 November 2008	USD	-	248.96	343.67	94.71	-	273.61	41.19	19.82	21.37	Nil	-	
32	Jubilant Draximage Inc.	28 May 2008	CAD	9,000,115	286,908,075	332,026,566	36,118,376	-	209,410,826	133,857,948	38,397,978	95,459,970	Nil	100.00%	
33	6963196 Canada Inc.	28 May 2008	CAD	364.27	14,623.49	16,817.15	1,829.39	-	10,526.37	6,726.72	1,931.83	4,794.89	Nil	100.00%	
34	6981364 Canada Inc.	28 May 2008	CAD	2,500	(19,542)	23	17,065	-	154	(166)	-	(166)	Nil	100.00%	
35	DAHI Animal Health (UK) Limited	24 September 1997	GBP	0.11	(0.97)	0.00	0.86	-	0.01	(0.01)	-	(0.01)	Nil	100.00%	
36	Draximage (UK) Limited	10 December 2002	GBP	2,500	(8,246)	2,175	7,921	-	154	(188)	-	(188)	Nil	100.00%	
37	Jubilant Innovation (USA) Inc.	14 July 2009	USD	0.11	(0.40)	0.11	0.40	-	0.01	(0.01)	-	(0.01)	Nil	-	
38	Jubilant Innovation (India) Limited	31 December 2009	INR	1	-	-	-	-	-	-	-	-	Nil	100.00%	
39	Jubilant Draximage Limited	09 September 2009	INR	2,975,000	4,832,829	8,320,269	51,2440	3,211,899	1,286,900	733,233	-	733,233	Nil	100.00%	
40	Draxis Pharma LLC	01 October 2009	USD	160.04	348.80	542.23	33.39	209.32	82.87	46.93	(0.05)	46.98	Nil	100.00%	
41	Jubilant HollisterStier Inc.	01 October 2009	USD	0.50	2.67	3.22	0.05	-	0.05	(0.04)	-	(0.04)	Nil	100.00%	
42	Jubilant Life Sciences (Switzerland) AG, Schaffhausen	26 January 2011	CHF	0.78	(24.58)	29.91	53.71	-	101.33	2.80	1.06	1.74	Nil	100.00%	
43	Jubilant Drug Discovery and Development Services Inc.	18 October 2010	CAD	250,100	(3,447)	247,553	900	-	-	(566)	-	(566)	Nil	100.00%	
44	Vanhyus Pharmaceutical Development Pvt. Limited	11 May 2009	INR	11.64	4.43	16.13	0.06	-	-	(0.04)	-	(0.04)	Nil	100.00%	
45	Drug Discovery and Development Solutions Limited	06 August 2013	USD	42,325,600	(40,560,678)	98,105,295	96,340,373	-	-	(5,521,011)	-	(5,521,011)	Nil	100.00%	
46	Jubilant Life Sciences NV	12 July 2013	EUR	1,922.11	(1,807.09)	6,393.52	6,278.50	-	-	(355.52)	-	(355.52)	Nil	100.00%	
47	Jubilant Pharma Trading Inc.	24 April 2014	USD	100	1,748,592	4,752,842	3,004,150	-	16,388,113	420,824	130,745	290,079	Nil	100.00%	
			INR	0.01	113.96	309.75	195.78	-	1,056.03	27.19	8.42	18.77	Nil	100.00%	

FORM AOC-1 (Continued)

Sr. No.	Name of the subsidiary	Date since when subsidiary was acquired / incorporated	Reporting currency	Share capital	Reserves & surplus	Total assets	Total liabilities	Investments (4)	Turnover / Total income	Profit/ (loss) before taxation	Provision for taxation	Foreign Currencies in absolute terms		
												Profit/(loss) after taxation	Proposed dividend	% of shareholding
48	Jubilant Pharma Australia Pty Limited	11 August 2016	AUD	20,000	(48,319)	115,590	143,909	-	-	(48,319)	-	(48,319)	Nil	100.00%
49	Jubilant Employee Welfare Trust	22 November 2008	INR	1.00	(2.42)	5.78	7.20	-	-	(2.44)	-	(2.44)	Nil	100.00%
50	Jubilant Draximage Radiopharmacies Inc.	08 March 2017	USD	0.01	371.72	466.40	94.67	28.83	16.05	16.01	(3,192,907)	(9,002,796)	Nil	100.00%
			INR	-	(586.30)	3,437.52	4,023.82	-	7,701.06	(786.83)	(205.30)	(581.53)	Nil	

Notes:

- 1) Reporting period of all the Subsidiary Companies is 1 April 2017 to 31 March 2018.
- 2) Converted into Indian Rupees at the exchange rate as on 31 March 2018 : 1EUR = INR 80.80, 1USD = INR 65.17, 1GBP = INR 92.27, 1RMB = INR 10.38, 1CAD = INR 50.65, 1CHF = INR 68.50, 1AUD = INR 50.05
- 3) The above statement excludes inter company eliminations.
- 4) Excludes investment in subsidiaries.

Names of Subsidiaries which are yet to commence operations:- Nil

Names of Subsidiaries which have been liquidated during the year:-

- 1) DAHI Animal Health (UK) Limited
- 2) Jubilant Innovation (BVI) Limited
- 3) Jubilant Life Sciences (Switzerland) AG

PART "B" : ASSOCIATES AND JOINT VENTURES

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Sr. No.	Name of Associates/Joint Ventures	Latest audited Balance Sheet date	Date on which Associate or Joint Venture was associated or acquired	No.	Amount of Investment in Associates/ Joint Venture (₹ in million)	Shares of Associate/Joint Ventures held by the company on the year end			Profit/Loss for the year			
						Extend of Holding %	Description of how there is significant influence	Net worth attributable to shareholding as per latest audited Balance Sheet (₹ in million)	Reason why the associate/ joint venture is not consolidated	Considered in consolidation (₹ in million)	Not considered in consolidation (₹ in million)	

1. Names of associates or joint ventures which are yet to commence operations : Nil
2. Name of associates or joint ventures which have been liquidated or sold during the year : Nil

For and on behalf of the Board of Directors of **Jubilant Life Sciences Limited**

Shyam S. Bhartia
Chairman
DIN:00010484

Hari S. Bhartia
Co-Chairman & Managing Director
DIN:00010499

R. Sankaraiah
Executive Director - Finance

Rajiv Shah
Company Secretary

Place: Noida
Date : 9 May 2018

Corporate Information

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Tel. : +91 5924-267200
CIN: L24116UP1978PLC004624

Corporate Office

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Tel. : +91 120 4361000

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Chartered Accountants
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Haryana, India

Cost Auditors

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Cost Accountants
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Internal Auditors

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Company Secretary

Rajiv Shah

Registrars & Transfer Agents


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Bankers

Axis Bank Limited
Bank of Maharashtra
Corporation Bank
DBS Bank Limited
Export Import Bank of India
The Hong Kong & Shanghai Bank Corporation Limited
ICICI Bank Limited
Punjab National Bank
RBL Bank Limited
Yes Bank Limited

Creating Value Sustainably

Corporate Sustainability Report FY 2017-18



Jubilant Life Sciences Limited publishes its Corporate Sustainability Report annually following GRI Guidelines. This year the report has been prepared in accordance with the 'GRI Standards: Comprehensive Option'. The Corporate Sustainability Report for FY 2017-18 is available at:
<http://www.jubl.com/sustainability/sustainability-report>



Jubilant Life Sciences Limited

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