JUBILANT INDUSTRIES

# Annual Report 2010-11

# Contents

# **Board** of Directors

Mr. Hari S. Bhartia
*Chairman*

Mr. Priyavrat Bhartia
*Director*

Mr. Ananda Mukherjee
*CEO and Whole Time Director*

Mr. Ghanshyam Dass
*Director*

Mr. R. Bupathy
*Director*

Mr. S.K. Roongta
*Director*

# Chairman's Message

*Dear Shareholders,*

"We are confident of continuing the growth story backed by good performance across businesses"

At the outset we would like to express our delight at presenting you the financial results of Jubilant Industries Limited, a focussed Agri and Performance Polymers Company carved out of Jubilant Life Sciences on November 15, 2010, effective from April 1, 2010. Thank you for your participation in the evolution of the Company so far.

Jubilant Industries Limited (JIL), is now a listed business entity of Jubilant Bhartia Group. The creation of this independent entity will enable focused growth and value realization across multiple business groups of the Company aimed at delivering value to our stakeholders.

We are glad to report an excellent growth in revenue and profit in FY 2011, driven by both Agri Products & Performance Polymers business. The full year Revenue stood at ₹5,540 million, EBITDA stood at ₹468 million & Net Profit was ₹286 million. The Basic EPS for FY 2011 is ₹35.70.

Our Agri Products business posted Revenue of ₹2,613 million on the back of strong performance by our Ramban SSP segment. This business contributed 47.2% to the overall Company's revenue. Performance Polymers business posted a revenue of ₹2,571 million, while balance came from others and discontinuing business segments.

Over the years, we have built a sizeable business in India and with renewed focus as Jubilant Industries as an independent entity, we aim to accelerate our growth into global markets.

| Our Leadership Positions | |
|---|---|
| **Agri Products** | Amongst Top brands in India for Single Super Phosphate fertilizer and a significant agro nutrient player |
| **Food Polymers** | No.1 in India and amongst the Top 3 manufacturers in the world |
| **Consumer Products** | Consumer brand "Jivanjor" is the 2nd largest brand in India in consumer adhesives and a significant player in the Indian wood finishes market |
| **Latex** | No.1 in India and amongst the Top 3 players globally for Vinyl Pyridine Latex for automobile tyres |

### *Agri Products*

The agri-opportunity has always been large and attractive but it is only now that this sector is getting additional attention. Our company offers a range of products in *Crop Nutrition*, *Crop Growth Regulator* and *Crop Protection* areas under the brand "Ramban"; which is a widely accepted brand in the market. Our largest product in Agri Products is Single Super Phosphate in terms of volumes. We intend to target full capacity utilization given the buoyancy in demand and favourable pricing environment.

*"The full year Revenues stood at ₹5,540 million, EBITDA at ₹468 million and Net Profit was ₹286 million"*

*Performance Polymers*

Under Performance Polymers we are one of the leading manufacturers of products such as Vinyl Pyridine Latex, Adhesives, Wood Finishes, Specialty Polymers and Food Polymers in the country. Our products find application in diverse sectors such as Automobile Tyres, Conveyor Belts, Construction, Wooden Furniture and Foods. This business comprises Consumer Products, Food Polymers and Latex.

The *Consumer Products* business has an excellent brand profile; the Business focuses on providing complete range of wood working solutions under the "Jivanjor" umbrella.

Under *Food Polymers* business the Company serves global market leaders in chewing gum. In *Latex* the Company manufactures 3 different types of Latex.

Our multiple businesses deliver a broad range of technology based products and solutions having a wide range of application across different industries. We are engaged in continuous improvement of our products and processes to enhance the quality of our production and cost competitiveness in order to build value for our customers. Our business works closely with customers using research and development to introduce intelligent system solutions and sophisticated products to meet their evolving needs.

## Demerger

Jubilant Industries Limited represents the demerged Agri and Performance Products business of Jubilant Life Sciences Limited. The demerger was approved by the Board of Directors on January 21, 2010. This demerger Scheme has the sanction of the Court and is effective since November 2010. As an independent entity JIL largely focuses on growth across its operations. The shares of Jubilant Industries Limited got listed on the NSE & BSE on February 14, 2011.

## Dividend

For FY 2011, we have announced a dividend of 30%. This year's dividend will result in a pay-out of ₹28 million including Dividend Tax.

## Outlook for FY 2012

We are confident of continuing the growth story backed by good performance across businesses.

Agri products business is expected to continue growth with higher capacity utilization and enhanced distribution reach. Under the Performance Polymers segment, consumer products would grow with higher penetration through distribution channels. Good order book bodes well for the Solid PVA business and debottlenecking would yield growth for the Latex business.

We take this opportunity to thank our Independent Directors, our Customers, Partners, Bankers and Shareholders for reposing their confidence in the Company and providing their unstinted support.

We also take this opportunity to thank our employees for their untiring efforts, enthusiasm and dedication, without which we would not have evolved as Jubilant Industries. We stay committed to deliver value to our stakeholders and renew our promise to constantly focus on exceeding customer expectations by providing world class products and services.

Best Wishes & Regards,

Hari S. Bhartia

**Hari S. Bhartia**
Chairman

Date : April 29, 2011

# Financials at a Glance

₹ in mn

| PAT | EBITDA | Revenue |
|---|---|---|
| ₹ 286 | ₹ 468 | ₹ 5,540 |

# Awards & Recognitions

**We received few prestigious awards within a month of formation of Jubilant Industries Limited**

## Greentech Safety Gold Award 2011 in Chemical sector for Outstanding Safety Management

We received Greentech Safety Gold Award in chemical sector for outstanding achievement in safety management at Gajraula facility. This includes Sulphuric acid Plant and Fertilizer plant of Agri Business, Wood finishes and Solid PVA plants of the Performance Polymers business. The award acknowledges the Company's work and commitment towards safety management in its business operations making them safe and environmentally sustainable.

## Fertilizer Association India award 2010 for Environment Protection in Single Super Phosphate (SSP) Fertilizer plant

Our fertilizer plant at Kapasan, Chittorgarh received award for environment conservation initiatives from Fertilizer Association of India (FAI). The Company was chosen as the joint runner up for Environment Protection Award. The award was given for SSP fertilizer plants category at FAI annual seminar 2010 in New Delhi.

Mr. Ananda Mukherjee, CEO & Whole Time Director, Jubilant Industries Limited, received the award on behalf of the Company from Mr. K. Azhagiri, Union Minister of Chemicals and Fertilizers.

## Frost & Sullivan 2010 Competitive Strategy Leadership Award

We were recognized by Frost & Sullivan for leveraging competitive Intelligence, execution of competitive strategy, impact on market share, competitive brand positioning and impact on customer satisfaction/value and awarded "The Competitive Strategy and Leadership Award" 2010.

This award is an outcome of Frost & Sullivan research that focuses on determining the best practices that enable companies to manage growth, innovation and leadership. Frost & Sullivan employs a customized decision support matrix (DSM) which is an analytical tool that compares company's performance relative to each other with an integration of qualitative and quantitative metrics.

Jubilant emerged as a winner amongst three strong finalists.

Mr. Ananda Mukherjee, CEO & Whole Time Director, Jubilant Industries limited along with Mr. R. Jayendran , BU Head, CPD received the award on behalf of the Company.

# **Management** Discussion & Analysis

## Industry Overview

### *Agriculture Products*

Agriculture which accounts for one fifth of GDP, provides sustenance to two-thirds of India's population. Successive five-year plans have laid stress on self-sufficiency and self-reliance in food grains production and concerted efforts in this direction have resulted in substantial increase in agriculture production and productivity. The contribution of fertilizers to India's success in Agriculture is significant and well recognized in meeting the country's total food grains requirement and generating exportable surpluses. The annual consumption of fertilizers in nutrient terms (N, P & K), has increased from 0.7 lakh MT in 1951-52 to 249.09 lakh MT 2008-09, while per hectare consumption of fertilizers, which was less than 1 Kg in 1951-52 has risen to the level of 128.60 Kg (estimated) in 2008-09. (Source: Annual Report 2009-2010, Department of Fertilizers, Ministry of Chemicals & Fertilizers, GoI).

The increased demand of food grains is expected to drive fertilizer growth. India already consumes 16% of the global fertilizer production and this is growing. On top of that, the country's Single Super Phosphate (SSP) consumption is expected to grow by 46% from 2008-09 through 2012-13 (Source: Fertiliser Association of India). The Indian market for crop protection products is valued at ₹55 billion and the increased focus on improving acreage of production and high yield is expected to provide a fillip to the industry. Higher procurement prices offered by the Government for food crops is further expected to drive Crop Protection chemical markets in India.

### *Consumer Products*

Rapid urbanization, changes in socio-economic structure, greater awareness among consumers about wood coatings, increased activity in construction and furniture are expected to impact the demand for adhesives, epoxies and wood coatings in India. Wood working adhesives and wood

*"Our presence across diverse product categories helps us to mitigate risks from excessive dependence on any particular category"*

*Scientists at work*

*Farmer using "Ramban" for crop protection*

finishes usage is driven by the growth of the Furniture industry in India which is estimated to be worth ₹350 billion. Home furniture is the largest segment in the Indian furniture market, accounting for about 65% of sales followed by the office furniture segment with a 20% share and the contract segment, accounting for the remaining 15% It is estimated that the demand for furniture space in India will grow at a CAGR of 20% over the next 3-5 years (Source: India Brand Equity Foundation). This is expected to drive the growth of the wood working solutions business in India. Footwear Adhesive caters to the unorganised footwear industry comprising cobblers which meet requirements of the retail clientele. However, growth in this sector has historically been stable and is expected to grow at a steady pace.

### *Food Polymers*

The Chewing Gumbase market that consumes Solid Poly Vinyl Acetate (SPVA) is growing at 3-4% per annum globally and growth in India is at a much faster pace of 15% per annum. It is a highly concentrated market with the Top 4 suppliers accounting for more than 75% of the Global SPVA consumption.

Chewing Gum is among the fastest growing categories within the confectionery Industry. This exceptional growth is attributed to extremely high level of innovation within the chewing gum space with the introduction of center–filled gums, exciting new flavors and functional products. We are one of the major suppliers of SPVA to the global chewing gum industry.

### *Latex*

Vinyl Pyridine Latex (VP Latex) is used to impregnate man made fabrics and enable the adhesion of fabrics to the rubber of automobile tyres and conveyor belts.

Globally the consumption of VP Latex in tyre cord fabric dipping is growing at 2-3 percent per annum. In spite of automotive industry recession worldwide, the market is holding well because of the replacement tyres market demand and the growth in China, India and the rest of Asia. In fact the Indian market for tyres has shown growth rates of 8-9% per annum and offers potential for growth of our Latex segment.

Increased economic activity has resulted in growth in industrial production which in turn has increased the use of conveyors. This leads to increased requirement for tyre cord and conveyor belting fabric and hence higher requirements for VP Latex.

## Business Introduction

Jubilant Industries Limited (JIL), part of the Jubilant Bhartia Group, is engaged in the business of Agri and Performance Polymers. It is the global supplier of SPVA & VP Latex and currently holds number 1 position in India and ranks amongst top 3, globally. JIL's "Ramban" is also one of the top brands in the country for Single Super Phosphate (SSP) fertilizer. Our consumer brand "Jivanjor" is the 2nd largest brand in India in consumer adhesives and a significant player in the Indian wood finishes market. We have a distribution network all over the country. We operate from five locations in India and have a dedicated Research & Development set-up which is located at Noida, U.P., India.

In the year 2010-11 our Net Sales were at ₹5,540 million, out of which Agri Products business contributed ₹2,613 million, Performance Polymers business contributed ₹2,571 million to total revenues and ₹22 million came from Others. Revenues of the discontinuing business for the year stood at ₹334 million. Our EBITDA

*“Agri products business clocked in revenues at ₹2,613 million with EBIT of ₹274 million, Performance Polymers segment recorded revenues of ₹2,571 million with EBIT of ₹294 million”*

for the full year stood at ₹468 million and EBITDA margins were at 8.5%. Reported full year Profit After Tax was ₹286 million after a depreciation charge of ₹57 million, minimal interest cost of ₹7 million and taxes of ₹118 million. Earnings Per Share for the year stood at ₹35.70 per equity share of the Face value ₹10. The Company has a strong balance sheet with cash and investments of ₹778 million and no long term debt except ₹42 million for working capital.

## Agri Products

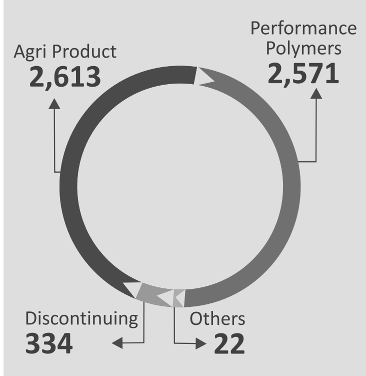
The Agri Products business revenues at ₹2,613 million, contributed 47.2% to the total revenue.

Jubilant offers a range of products in Crop Nutrition, Crop Growth Regulator and Crop Protection areas under the brand “Ramban”, which is a widely accepted brand in the market. JIL’s “Ramban” is amongst the top brands in India for Single Super Phosphate fertilizer and a significant agro nutrient player. The products are made available through Jubilant’s registered dealers, institutional agencies and Co-operatives which are the prime channels of distribution.

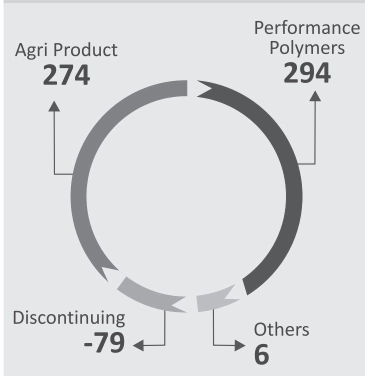
The Agri Products business comprises of:

- **Crop Nutrition:** This category of products primarily aids in root and shoot development and increases the crop yield. They help to provide conditioning to soil and fight against crop diseases. The products offered under this category are: Ramban SSP, Bentosulph, Ramban Bhoo Sanjeevani, Nutra Plus and Sulpha Gold. Ramban SSP is an ideal phosphorus supplying fertilizer, generally applied at the time of crop sowing/transplantation. Our product is well-known for showing pronounced results in Sulphur deficient soils and Sulphur loving crops like Oil Seeds and Pulses. It increases oil content and protein in seeds. Ramban SSP is available in both Powder and Granular forms. The cabinet approved the implementation of Nutrient Based Subsidy (NBS) policy to decontrol Phosphatic and Potassic fertilizers effective from April 1, 2010. This scheme seeks to fix the subsidy on the 3 macro nutrients viz Nitrogen (N), Phosphorus (P), and Potassium (K) based on the soil balance required for healthy development of arable farm land. The objective of shifting from product based subsidy (PBS) to NBS regime was to restore soil health by addressing the nutrient imbalances of NPK and the lack of secondary and micro nutrients through use of fertilisers on specific soil–moisture conditions and crop needs. Our two manufacturing facilities at Gajraula, Uttar Pradesh and at Kapasan, Rajasthan are equipped to produce both Powder SSP and Granulated SSP.
- **Crop Growth Regulator:** The products under this category primarily help to improve the strength and resistance of crops and curtail the unwanted vegetative growth, saving time and increasing the yield. Crop Growth Regulators are being used by the farmers to ensure the right growth of plant by balancing different crop life cycle stage. The products offered under this category are VAM C, Power Plus 500-Granuels and Ripex.
- **Crop Protection:** The products covered under this category are used from seed

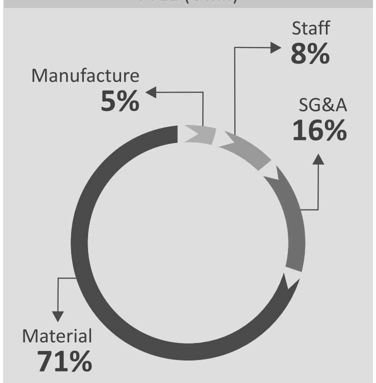
**Segment Wise Revenue**
FY11 (₹ mn)




**Segment Wise EBIT**
FY11 (₹ mn)




**Expense Analysis**
FY11 (₹ mn)



*"Ramban & Jivanjor - Brand are recognized for their class of products & customer orientation"*

*Crop Nutrition product from the leading brand Ramban*

*Jivanjor range of Adhesives*

planting to harvesting stage thus ensuring a secure yield for farmers. During the complete crop life cycle, plants are being destroyed by insects, pests, weeds & fungus. The products offered under this category are Fungicides, Insecticides, and Herbicides.

- **Other Products:** The products offered under this category are Sulphuric Acid and Sodium Silico Fluoride.

## Performance Polymers

Performance Polymers segment recorded revenue of ₹2,571 million for the year mainly on the strength of brand value of "Jivanjor". It contributed 46.4% to the overall revenues.

Our Performance Polymers segments is one of the leading manufacturers of products such as Vinyl Pyridine Latex, Adhesives, Wood Finishes, Specialty Polymers and Food Polymers. Our products find applications in such diverse areas as Automobile Tyres, Conveyor Belting, Wooden Furniture and Foods.

Our Performance Polymers business comprises of:

- **Consumer Products:** The Consumer Products business is focused on providing customers with a complete range of wood working solutions, footwear products and epoxy sealants. With a nationwide network, Jubilant Industries Limited represented by its brand "Jivanjor", is a major player in this segment. The products under this category are Wood working Adhesives, Wood Finishes, Footwear Adhesives and Epoxy Sealants. Our manufacturing operation for wood adhesives is located at Sahibabad, U.P. and those for Wood Finishes is at Gajraula, U.P.
- **Food Polymers:** Jubilant Industries Limited is one of the three major global suppliers of Solid Poly Vinyl Acetate (SPVA) and the only one in India. SPVA is the major raw material for making gum base for chewing gum and bubble gum. We have a customer profile which includes the market leaders in chewing gum industry worldwide. The products under this category are Vamipol 15, Vamipol 17 and Vamipol 30. Our food polymer products are manufactured at our plant at Gajraula, UP. The business also plans to expand its product offering and target new customers to become a preferred global supplier. Our production capacity was doubled during the year to cater to rising demand. The Company is also working on new product development for the chewing gum industry.
- **Latex:** Jubilant Industries is ranked No. 1 in India and is amongst the Top 3 globally for manufacturing VP Latex used in dipping of automobile tyre cord and conveyor belt fabric. We also produce SB latex for use in tyre cord fabric. We are bulk suppliers of these lattices to global automobile tyre manufacturers and dippers. The products under this category are: Encord VP Latex, Encord SBR Latex and Encord NBR Latex. We manufacture all three categories of latex in our plant at Samlaya near Vadodara, Gujarat. We also have a research and development laboratory equipped with testing facilities for different Latex products which is recognized by the Department of Science and Technology, Government of India. We have increased our production capacity at Samlaya by 15% through process improvement and de-bottlenecking in the year gone by.

## Other businesses (IMFL)

JIL has been bottling IMFL products on a contractual basis for various established brands engaged in liquor business in India. The segment reported revenues of ₹22 million for the financial year 2011.

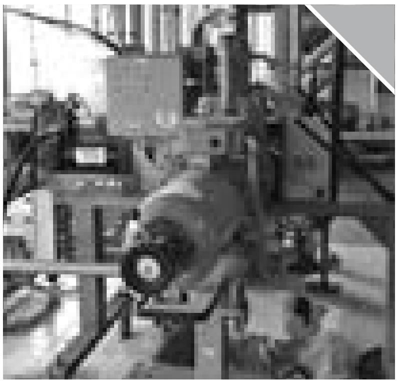
We have technological capacity to handle all sizes of bottles, with a configuration of five automatic and semi-automatic lines. All lines are equipped with the required Vats (used for blending alcohol) for storage of extra neutral alcohol and labeling machines which provides flexibility for bottling various sizes of IMFL. We also have a fully equipped, state of the art laboratory to support our bottling plant. Our bottling plant is at Nira, which is about 70 kms from Pune in Maharashtra.

## Company Outlook

Over the years, these businesses across a broad range of products have attained a significant size in India and we aim at scaling up our businesses globally. To this end our strategic focus is to innovate, collaborate and accelerate the process of catering to the needs of the customers through delivery of good quality products and services. Our business works closely with customers using research and development to introduce intelligent system solutions and sophisticated products to cater to the requirements of our consumer's needs while simultaneously monitoring the bottomline such that focus remains on enhancing stakeholder value. Growth will accrue due to a combination of good performances in both the segments. In Agri Products, strong continued momentum in Single Super Phosphate volumes and our target to reach full capacity utilization should help us drive growth. In the Performance Polymers, strong

> *Our business works closely with customers using research and development to introduce intelligent system solutions*

*R&D detailing out product testing*



increment in volumes of Food Polymers based on higher capacity utilization of increased capacities and contracts for selling most of the increased production, which are already in place, should drive growth rates. Latex is expected to see full capacity utilization with further increase in capacities brought about by debottlenecking. We also expect higher sales in Consumer Products by targeting higher reach of distribution channels.

## Corporate Event

The Company was listed during the year, on 14th February, 2011 on the two major stock exchanges of India, The Stock Exchange, Mumbai and National Stock Exchange, after the requisite regulatory approvals were duly received for Scheme of Arrangement from the Hon'ble Allahabad High Court in November 2010.

## Research & Development Initiatives

We at JIL believe that for a Company to prosper and grow it must do more than just keeping up with its competitors and it must in fact get ahead of them whenever possible. Our focus on innovation which hinges on Research and Development (R&D) arises out of this belief. Research seeks to make basic discoveries and uncover new principles or facts so far unknown or unrecognized. Development concerns the most economically feasible method for applying the facts or principles identified by research before a product goes into full scale production.

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

In this direction we have established various R&D Centers. Apart from a central R&D Centre at Noida, the Company has various R&D teams at plant sites at Gajraula and Savli for continual plant support & process development. A new site R&D Lab is also being setup for Fertilizers. R&D is equipped with ultramodern equipments, instruments and scaling up facilities from 100 gm to 20,000 kgs.

R&D supports the activities of various businesses through new product and process development, process optimisation, absorption technology and establishing technologies at commercial scale, focusing on green chemistry guidelines. R&D is a focal point for the continuous improvements of existing processes throughout the life cycle of the product.

R&D facility


CEO & Whole Time Director at a product launch

Some of the key benefits derived last year as a result of these continuous efforts resulted in cost efficiencies and improvement in our service to our customers. We also launched an innovative fast setting Wood Adhesive for Laminates with brand name "Lamino", Jubilant doubled the plant capacity for SPVA, and undertook capacity enhancement of VP Latex in the present facility with batch cycle time reduction by 60. Jubilant also developed Polymers for use in Encapsulation and developed various micronutrients for agrochemicals.

R&D efforts have helped the Company in strengthening position in performance chemicals based businesses in markets and becoming Partners of Choice for global polymer and agrochemical companies. We have achieved global leadership in selected segments of our business and generated own Intellectual Property Rights (IPRs) to provide competitive edge backed by development of new products. Major growth has been witnessed in export of our products with competitiveness in cost and quality. We are effective in effluent management. Our R&D efforts have also helped in Import substitution.

## Supply Chain Management

Value creation through continual improvement within supply chain function across the businesses has been the approach to build excellence & create world class processes in Jubilant Industries Limited.

The seamless flow through the e-procurement buying process (EJ-BUY) which was started last year in Jubilant Life Sciences, another Group Company, has now matured with negotiations and approvals happening on this platform. This has lead to transparency, visibility and faster processing of transactions across the value chain. This also supports the CSR initiatives of the Jubilant Bhartia Group towards environment protection, with paperless buying. This EJ-BUY process would be extended to more categories of material sourcing for this year. The reverse auctions which have also been initiated on the platform and are tools for better negotiations would result in cost reduction. Initiatives on alternate sourcing, consolidation and single window buying have been the other initiatives envisaged to bring more value within the buying process. Global sourcing initiatives are constantly under focus to identify alternative methods to risk mitigation & cost reduction.

Our major initiatives on the SCOR (Supply Chain Operation Reference) model have brought proper measurement systems which are able to measure the critical parameters for supply chain accuracy. They also improve the customer facing metrics by focusing on order management process along with forecast accuracy measurement thereby continuously creating value addition across the end to end supply chain functions. Initiatives to create a green supply chain system are being worked out in partnership with vendors. In this, we are working with a target of sustainable growth with our suppliers who are our "Partners in Progress". A strong commitment towards environment is a key factor in shaping this initiative.

## Manufacturing

Pursuit of excellence is the epicenter of all manufacturing initiatives at Jubilant Industries Limited. With sustainability as the underlying principle & keeping a sharp focus on safety and environment, all manufacturing locations have been constantly contributing to business growth through an innovative approach for improving productivity & efficiency while also minimizing cost of operations.

Capacity debottlenecking through value engineering initiatives, energy conservation and substitution, implementation of World Class Manufacturing Techniques & Total Productive Maintenance have been significant contributors towards building a robust organization. Implementation of advanced maintenance management tool at major locations has helped in significant reduction of maintenance costs and improvements in plant reliability and uptime.

Major manufacturing locations have the Integrated Management Systems accreditation encompassing ISO 9001, ISO 14001 & OHSAS 18001. With a strong foundation in manufacturing, the organization is adequately poised to scale even greater heights.

## Human Resource Management

Jubilant Industries Limited has an employee base of over 640 people spread across its corporate office in Noida, manufacturing plants and sales and distribution offices across India. The Company has 360 employees in manufacturing units, 235 engaged in its sales and distribution activities and balance in other functions. The firm has plans to add a significant number of employees in the next year to strengthen its marketing, sales and corporate functions.

*"Our employee base of over 640 people is spread across India including corporate office, manufacturing plants and sales and distribution offices"*

We are proud of our cordial relations with our employees and there have been no instances of major strikes, lockouts or any other disruptive labour disputes. We provide various benefits to our employees, addressing their social and security needs such as Personal Accident, Group Term and Healthcare Coverage for employees and their dependents. We also offer housing facilities for certain number of our employees at our Gajraula and Nira plants and funding for schools for our employees' children. The wages and benefits of our unionized employees are generally established by collective bargaining agreement. We strongly believe in the philosophy of training and developing people through various initiatives, adopting a range of tools and methodologies. These initiatives are primarily aimed at skills and capabilities development. We periodically measure Employee Engagement Index and institutionalize programs related to Reward and Recognition, Fun-at-work events and Retention of Talent through Career Planning and Growth opportunities within the organization. Our promise of "Caring, Sharing and Growing" is also reflected through the Employee Wellness program under which we have health related talks by experts, free consultation camps and tie-ups with leading hospitals and labs which offer discounted rates to employees and their families.

## Internal Controls and Risk Management

Today's business environment, remains challenging for the Corporate World. The business dynamics are changing which bring in new risk horizons. Global operations and continuous enhancement in product pipeline, capacities and technologies coupled with intensifying competition pose significant challenges and risks for the organization. Such risks, if not perceived in a timely manner, could adversely impact accomplishment of the overall objectives of the organization & its sustainability. The ability to anticipate threats, respond and continually adapt is a critical part of the risk management process and the reason why risk management retains its position high on every organization's agenda.

An effective risk management framework enhances the organisation's ability to proactively address its risks & opportunities by determining a risk response strategy and monitoring its progress on a dynamic basis. This, in effect, helps in driving continued competitive sustainability of an organization as it enables alignment of its operations and activities with its vision and values.

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

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

- **Risk Management Framework**

  Our risk management framework is intended to ensure that risks are taken with due diligence and care. We leverage an integrated risk management framework to identify, assess, prioritize, manage, monitor and communicate risks across the Company. Our risk management framework comprises of the following elements

- Risk Management Strategy
- Risk Management Structure
- Risk Identification & Monitoring

- **Risk Management Strategy:**

  Jubilant has a strong risk management framework in place that enables active monitoring of business activities for identification, assessment and mitigation of potential internal or external risks.

  Given the established processes and guidelines, combined with a strong monitoring system at the Board and senior management levels, we believe we have a robust risk management strategy.

  Our senior management team sets the overall tone and risk culture of the organization through defined and communicated corporate values, clearly assigned risk responsibilities, appropriately delegated authority, and a set of processes and guidelines. We have laid down procedures to inform Board members about the risk assessment and risk minimization procedures. As an organization, we promote strong ethical values and high levels of integrity in all our activities, which in itself is a significant risk mitigator.

- **Risk Management Structure:**

  Our risk management structure comprises of the Board Audit Committee at the Apex level, supported by the Executive Director, Heads of Businesses, Functional Heads, Unit Heads, Divisional Heads of Accounts & Finance and Head of Assurance function.

  As risk owners, the heads of Businesses, Unit Heads and Support functions are entrusted with the responsibility of identification and monitoring of risks. These are then discussed and deliberated at various review forums chaired by the Executive Directors and actionable drawn upon. The Audit Committee, Executive Director and Head of Assurance Function act as a governing body to monitor the effectiveness of the internal controls framework on a regular basis.

  In addition, there is a perpetual internal audit activity carried out by M/s Ernst & Young Private Ltd. who make an independent assessment of our risk mitigating measures and provide suggestions for improvement.

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

- **Risk Identification and Monitoring:**

  We have a strong Board and a competent set of professional managers who attempt to identify risks at an early stage and take appropriate steps to pre-empt or mitigate the same.

  The Company has a certification process wherein, all concerned Control Owners certify the correctness of key operating, financial and compliance related controls for over 1000 key controls every quarter. This has made our internal controls and processes more strong and robust and also served the basis of compliance with revised Clause 49 requirements mandated by the Securities and Exchange Board of India (SEBI), requiring a certification by the CEO and the CFO on accuracy of financial statements and on the adequacy of internal controls and risk management.

  In additon, the Company has also identified entity level controls across the organization covering integrity and ethical values, adequacy of internal audit and internal control mechanisms and effectiveness of internal and external communication. As a result, our internal controls systems and processes have been strengthened and clear documentation on key control points has been put in place.

- **Management's Assessment of Risk**

  There are several risks factors impacting company's business. The Company looks at these risks as challenges and opportunities. Following paragraphs give details of key risks as perceived by management and measures in place to mitigate these risks.

1. *Regulatory and Compliance Related Risk:*

   Single Super Phosphate business is affected by government regulatory controls on subsidies, pricing, disbursements and distribution. Any changes in public policy such as removal of price controls or other pressures on pricing or reduction/removal of subsidies, delay in disbursement of subsidies in Single Super Phosphate, which is a key product in our Agri Products business segment, may reduce the profitability of our new or current products which may have an adverse effect on our business.

   We are governed by the Fertilizer Control Order, 1985 which requires us to obtain a certificate of registration, which is valid for a period of three years from the date of issue, for us to be able to sell, offer for sale or carry on the business of selling of fertilizer at any place as a wholesale dealer or retail dealer. Further, certain of our products are required to conform to the standards as notified by the Central Government/State Government in the Official Gazette. If we are unable to obtain the requisite registrations or if we fail to conform to the notified standards, our business may be adversely affected.

   The certificate of registration as required by the Fertilizer Control Order, 1985 was obtained at the time of inception i.e. 31st May, 1986 and has been regularly renewed thereafter. Robust investment in R&D and Quality Controls has ensured conformation to the standards as notified by the Central Government/State Government in the Official Gazette.

2. *Demand for our Performance Polymer products:*

   Demand for our multiple product lines of Consumer products, VP latex and Food Polymers is dependent on other industries namely construction, retail and automobile which are a function of the state of Indian Economy. Any reduction in demand for such industries may lead to a consequent reduction in demand for our products thereby adversely affecting our business, financial condition and results of operations. Indian economy has been growing well

*"To maintain cost competitiveness the Company continues to take initiatives in reducing its cost by employing lean manufacturing techniques, alternate resource management and six sigma"*

and sectors that consume our products have been steadily growing both in the domestic and international markets which in turn ensure ample demand for adhesives, vinyl-pyridine latex and gum bases.

3. *Risk from slower Growth Initiatives:*

   As part of our growth strategy, we propose to make significant investments to expand our production capacity and service capabilities and further towards acquiring and developing new businesses and products. If we are unable to expand our production capacity and service capabilities or if we fail to acquire new businesses and products in a timely manner, our business, financial condition and results of operations may be adversely affected. The organization is constantly looking at opportunities of organic and inorganic growth under the guidance of an able Board.

4. *Risk of Product Acceptance:*

   If we are unable to gain market acceptance for our products and if we are sued by our customers or end users in case of any defects in our products, our reputation, profitability and business may be adversely affected. The company has a robust R&D team for constant innovation and improvement in the existing product line. The quality control and assurance teams monitor the quality of the product for every batch produced to ensure that we meet the customer expectations.

5. *Risk from Legal Proceedings:*

   Our Promoters, Directors and our Group Companies are involved in a number of legal proceedings that, if determined against us, could adversely impact our business and financial condition. Should any development arise such as a change in applicable laws or rulings by court/tribunals/authorities that are unfavorable to our business, we may need to make provisions in our financial statements, which may increase our expenses, contingent and current liabilities. The company has taken the Directors and Officers Liability insurance policy which would insulate the company from any such financial liability, if it were to arise.

6. *Cost Competitiveness:*

   If we cannot maintain cost efficiency in our product segments, we may not be able to capture anticipated business opportunities or we may lose market share, as a result of which our business financial condition and results of operations may be adversely affected. We continue to take initiatives in reducing its costs by employing lean manufacturing techniques, alternate resource management and six sigma initiatives. In general, the prices and availability of our raw materials and energy may vary with market conditions and may be highly volatile. Wherever feasible, the Company enters into long term contracts with volume commitments and prices which are linked to key material prices mitigate risk.

7. *Environment, Health & Safety Risks:*

   Compliance with increasingly stringent emission standards relating to the manufacturing facilities, or other environmental regulations, may adversely affect the business and results of operations. Some of Company's research and development and manufacturing operations involve dangerous chemicals, processes and byproducts. The Company anticipates that environmental laws and regulations in the jurisdictions, where it operates, relating to the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from its operations, may become more restrictive and enforced more strictly in the future. In anticipation of such requirements, we have incurred substantial expenditures and allocated other resources to proactively adopt and implement manufacturing processes to increase its adherence to environmental quality standards and enhance its industrial safety levels.

   At Jubilant, the challenges due to Company's operations related to Environment, Health and Safety (EHS) aspects for the business, employees & society are mapped and mitigated through a series of systematic and disciplined sets of policies and procedures which are explained below:

   - For existing plant operations, the audit team reviews the system regularly to achieve the overall objective of the organization and sustainability.
   - Assessment of EHS aspects at the capital expenditure stage of the new projects as well as expansion to address the same including assessment of need to have separate approvals and / or the systems & investments accordingly.
   - Carry out Environmental Impact

     Assessment study for the projects as per the statutory requirement and obtain approval prior to setting up of new plant or expansion of existing facilities. Develop the Environment Management Plan to minimize the impacts identified. The Company's operations are subject to the operating risks associated with agri and polymer manufacturing, including related storage and transportation of raw materials, products and waste.

These hazards include, among other things:

- Pipeline and storage tank leaks and ruptures,
- Fire & explosions and
- Discharges or releases of toxic or hazardous substances.

Such hazards may cause personal injury, property damage and environmental contamination, and may result in the shutdown of affected facilities and the imposition of civil or criminal penalties. The occurrence of any of these events may subject the Company to litigation and/or significantly reduce the productivity and profitability of a particular manufacturing facility. To mitigate these risks the Company follows the Hazard Identification & Control system through Hazard and Operability (HAZOP) or similar tool to identify the Safety aspects related to manufacturing activities for new projects / expansion of existing plants & management plan for the same. The Company also maintains an industrial all-risk insurance policy for its primary manufacturing facility at Gajraula, as well as property and casualty insurance at other manufacturing facilities and believes it is in accordance with customary industry practices. The Company has processes in place for risk identification, monitoring and mitigation and incident management related to employee and environmental protection, facilities, assets, products, compliance, reputation and communications.

8. *Acquire and Retain Professional Talent*

The Company's dependence on Human Talent makes it very important that it recruits and retains high quality employees. In case the company fails to hire and retain sufficient number of qualified resources in all functions such as manufacturing, finance, marketing & sales, information technology, human resources and management, our business operating results and financial condition could be harmed. The Company has committed substantial resources to this effort. To execute its growth and diversification plans, while on one hand the Company continues to hire new, highly-skilled scientific and technical personnel staff, it also introduced Rewards & Recognition policies for effective employee engagement and retention. Such initiatives have benefited the organisation in form of better employee productivity; reduced attrition rate & absenteeism; cost saving on selection & training; improved Customer Satisfaction, retention & referrals thereby boosting Corporate Social Responsibility activities towards Employees.

9. *Business Interruption due to Force Majeure*

Our manufacturing plant at Gajraula and Samlaya draw the utilities from Jubilant Life Sciences Limited's plants. Any disruption in these plants may affect our manufacturing operations at these locations, which could have a resultant impact in the earnings of the Company

Adequate insurance protection has been taken by JIL to ensure continuity in its earning capacity. Besides, presence of a major workforce in JLL's residential colony adjoining plant premises ensures sustenance of plant operations under challenging circumstances.

*Note: Please note that previous year data has been provided only for comparison purposes. It pertains to segments of the Company which have been demerged from Jubilant Life Sciences Limited to be a part of Jubilant Industries Limited as per Scheme of Arrangement approved by the Hon'ble Allahabad High Court.*

# DIRECTORS' REPORT

Your Directors have pleasure in presenting the Fifth Annual Report and Audited Accounts for the year ended March 31, 2011.

**Financial Results**

(₹ in million)

| | Year ended March 31, 2011 | Year ended March 31, 2010 |
|---|---|---|
| Sales and Other Income | 5816.21 | 0.1 |
| Net Sales | 5539.90 | - |
| EBITDA | 468.27 | (0.1) |
| Interest | 6.64 | - |
| PBDT | 461.63 | (0.1) |
| Depreciation | 57.53 | - |
| PBT | 404.10 | (0.1) |
| Provision for Taxation | 118.02 | - |
| PAT | 286.08 | (0.1) |
| Profit brought forward from previous year | 984.80 | - |
| PROFIT AVAILABLE FOR APPROPRIATION | 1270.88 | (0.1) |
| Which the Directors have appropriated as follows: | | |
| - Proposed Dividend on Equity shares | 24.04 | - |
| - Tax on Dividend on Equity Shares | 3.90 | - |
| - Transfer to General Reserve | 30.00 | - |
| Balance to be carried forward | 1212.94 | (0.1) |

**Operations**

Jubilant Industries Limited is a part of the Jubilant Bhartia Group and is engaged in the business of Agri and Performance Polymers.

The Hon'ble High Court of Allahabad, vide its orders dated October 28, 2010 and November 8, 2010 sanctioned a Scheme of Amalgamation & Demerger ("the Scheme") amongst Jubilant Life Sciences Limited ("JLL"), Jubilant Industries Limited ("the Company") and others, pursuant to which the Agri Products Division, Performance Polymer Division and IMFL Division of JLL were demerged and transferred to the Company with effect from commencement of business on April 1, 2010 i.e. the Appointed Date under the Scheme.

The Scheme became effective from November 15, 2010.

The Company's diversified portfolio includes broad range of technology based products and solutions to customers both nationally as well as globally. The Company is India's global supplier of Solid PVA (SPVA) & Vinyl Pyridine Latex (VP Latex) and currently holds number 1 position in India and ranks amongst top 3, globally. The Company's "Ramban" is also one of the top brands in the country producing Single Super Phosphate (SSP) besides other agri-products.

The Company has world-scale capacities for SSP, VP Latex & SPVA and enjoy global leadership rankings in each of the categories. The consumer brand "Jivanjor" is the 2nd largest brand in India in consumer adhesives and a significant player in the Indian wood finishes market. The Company operates from 5 locations across India and has dedicated R&D centres.

The above financial results for the year ended March 31, 2011 are after giving the effect of the above said scheme of Amalgamation & Demerger and accordingly are not strictly comparable with the figures of previous year.

During the year ended March 31, 2011, the revenues closed at ₹5539.90 million. The Agri Products business contributed ₹2613.31 million and the Performance Polymers business contributed ₹2570.33 million majorly to the total revenues. The Company has a distribution network all over the country.

The EBITDA for the year stood at ₹468.27 million. Even though the input cost has increased, the Company is well placed to protect its margins and have been able to pass on the increases to the customers. The PAT stood at ₹286.08 million after depreciation charge of ₹57.53 million on a gross asset base of ₹1601.58 million, with minimal interest cost of ₹6.64 million on a debt of ₹42.33 million and taxes of ₹118.02 million, depicting a tax rate of 29.21 % for the year.

The Board of Directors in its meeting held on April 29, 2011 have constituted a Committee of Directors to explore opportunities for potential restructuring of Company's Agri and Performance Polymers businesses with the objective of creating business focus and also to evaluate various new business opportunities to expand and grow the Company so as to enhance shareholder value.

**Dividend**

Your Directors recommend a dividend of 30% i.e. ₹3 per fully paid up equity share of ₹10 each for the year ended March 31, 2011. This will absorb ₹27.94 million (inclusive of tax) based on existing capital.

**Appropriations**

It is proposed to transfer ₹30.00 million to General Reserve and retain the balance in Profit and Loss Account.

**Capital Structure**

Authorised Capital

During the year the authorised share capital of the Company was increased from ₹1.0 million to ₹100 million.

Paid-Up Capital

In accordance with the Scheme 79,64,056 equity shares of ₹10 each fully paid up were issued and allotted to the shareholders of JLL on November 27, 2010, as per the entitlement ratio of 1:20, i.e. for every 20 (twenty) equity shares of face value ₹1 each held in JLL, as on the Demerger Record Date (November 26, 2010), the equity shareholders of JLL were issued 1 (one) equity share of face value of ₹10 each in the Company.

The paid-up Capital as at March 31, 2011 stands at ₹80.14 million comprising of 80,14,056 equity shares of ₹10 each fully paid up.

**Listing of Equity Shares**

The equity shares of the Company were listed and admitted for trading on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) w.e.f. February 14, 2011.

**Fixed Deposits**

Your Company did not accept Fixed Deposits from the public during the year.

**Name Change**

During the year under review, the name of the Company was changed from 'Hitech Shiksha Limited' to 'Jubilant Industries Limited' w.e.f. June 8, 2010.

**Subsidiary**

During the year under review, Canonical Infotech Solutions Private Limited became the subsidiary of the Company. The Company holds 100% of the equity share capital of the subsidiary as on March 31, 2011. The name of Canonical Infotech Solutions Private Limited was changed to Jubilant Agri and Retail Private Limited w.e.f March 7, 2011.

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

In terms of the general exemption granted by the Government of India vide its general circular no. 2/2011 dated February 8, 2011, from attaching the Directors' Report, Balance Sheet, Profit & Loss Account and other particulars of the subsidiary, the same have not been attached to this Report.

**Auditors**

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

**Cost Auditors**

J.K. Kabra & Co., Cost Accountants, [Firm Registration Number - 9] Cost Auditors of the Company, have confirmed that their re-appointment, if made, shall be within the limits laid down in Section 224(1B) of the Companies Act, 1956.

**Directors**

During the year, Mr. Hari S. Bhartia, Mr. Priyavrat Bhartia, Mr. Ananda Mukherjee, Mr. R. Bupathy, Mr. Ghanshyam Dass and Mr. S.K. Roongta, were appointed as Additional Directors of the Company and hold office upto the ensuing Annual General Meeting.

Mr. Ananda Mukherjee was later on appointed as CEO & Whole-time Director of the Company w.e.f. November 15, 2010.

Notice under Section 257 of the Companies Act, 1956 has been received from a member, proposing the candidature of Mr. Hari S. Bhartia, Mr. Priyavrat Bhartia, Mr. Ananda Mukherjee, Mr. R. Bupathy, Mr. Ghanshyam Dass and Mr. S.K. Roongta as Directors.

Mr. R. Sankaraiah, Mr. Prakash C. Bisht and Mr. Lalit Jain resigned as Directors during the year.

**Directors' Responsibility Statement**

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

- that in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- that 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 at March 31, 2011 and of the profit of the Company for the year ended March 31, 2011.
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- that the Directors have prepared the annual accounts on a going concern basis.

**Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

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

**Employees**

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

**Corporate Governance**

A separate section on Corporate Governance is attached to this Report as **Annexure C**. A certificate from the auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement with Stock Exchanges is enclosed as **Annexure D**. A certificate from Chairman that all Board members and senior management personnel have affirmed compliance with the Code of Conduct for the year ended March 31, 2011 is attached as **Annexure E**. CEO/

CFO certificate is enclosed as **Annexure F**.

**Management Discussion & Analysis**

Notes on Management Discussion & Analysis of the financial position of the Company have been given separately and forms part of this Report.

**Discontinuing Business**

The Board of Directors in its meeting held on February 14, 2011 decided to close the Application Polymer Business due to unviable operations.

**Corporate Sustainability Report**

Your Company, being committed to address environmental issues and discharge its corporate social responsibility, is publishing for the first time its Corporate Sustainability Report, duly audited by Ernst & Young, and conforming to Global Reporting Initiative (GRI) Guidelines. The Report is being sent to all our shareholders.

**Risk Management**

Today's business environment, remains challenging for the Corporate World and risk management retains its high position on every organization's agenda. The Company has several risk factors which could potentially impact its business objectives, if not perceived and mitigated in a timely manner. With an effective risk management framework in place, the Company looks at these risks as challenges and opportunities to create value for its stakeholders. With its established processes and guidelines in place, combined with a strong oversight and monitoring system at the Board and senior management levels, the Company has a robust risk management strategy in place.

The senior management team sets the overall tone and risk culture of the organization through defined and communicated corporate values, clearly assigned risk responsibilities, appropriately delegated authority, and a set of processes and guidelines. The Company has laid down procedures to inform Board members about the risk assessment and risk minimization procedures. As an organization, it 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 a key to the success of its journey of continued competitive sustainability in attaining its desired business objectives.

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

**Human Resource Management**

As of March 31, 2011, the Company had over 640 employees spread across the country in manufacturing plants, branches and corporate functions. The relations are cordial with employees at all levels and there have been no instances of major strikes, lockouts or any other disruptive labour activities. The Company provides various benefits to the employees, addressing their social and security needs such as Personal Accident Insurance, Group Term Insurance and healthcare coverage for the employees and their dependants. The Company also offers subsidised interest payment on housing loans, housing facilities for certain employees at Gajraula and Nira plants, funding for schools for the employee's children. The wages and benefits of the unionised employees are generally established by collective bargaining agreement. The Company strongly believes in the philosophy of training and developing people through various initiatives, adopting a range of tools and methodologies. These initiatives are primarily aimed at skills and capabilities development. It periodically measures Employee Engagement Index and institutionalise programs related to Reward and Recognition, Fun-at-work events and Retention of Talent through Career Planning and Growth opportunities within the organisation. The promise of *"Caring, Sharing, Growing"* is also reflected through the Employee Wellness program under which the Company has health related talks by experts, free consultation camps and tie-ups with leading hospitals and laboratories which offer discounted rates to the employees and their families.

**Awards and Accolades**

During the year 2010-2011, your Company won Frost & Sullivan Award for Competitive Strategy Leadership for the year 2010, Greentech Safety Gold Award 2011 in Chemical Sector for outstanding safety management and was Joint Runner Up for Environment Protection for SSP Plants for the year 2009-10.

**Investor Services**

In its endeavour to improve investor services, your Company has taken the following initiatives:

- An Investor Section on the website of the Company www.jubilantindustries.com has been created.
- A dedicated e-mail id viz. investorsjil@jubl.com for sending communications to the Company Secretary has been made effective. Members may lodge their complaints or suggestions on this e-mail as well.

**Acknowledgments**

Your Directors acknowledge with gratitude the co-operation and assistance received from the Central and State Government Authorities. Your Directors thank the Shareholders, Banks, 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 employees at all levels, which has continued to be our major strength.

For and on behalf of the Board

Place : Noida **Hari S. Bhartia**
Date : April 29, 2011 Chairman

# Annexure A

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

## A. Conservation of Energy

(a) Energy Conservation Measures Taken

- Reduction in Power consumption by reduction of batch cycle time
- Energy conservation by optimization of process parameters
- Installation of Variable Frequency Drive for Motors
- Reduction in power consumption by changing the operation mode of equipments from continuous to 'on', 'off' by instrumentation control
- Installation of soft starter on motors
- Improved power factor by installation of capacitors
- Energy conservation by improving insulation of hot surfaces
- Reduction in steam consumption by reducing losses by installation of HTFA for heating drums instead of live steam
- Power saving by installation of chilled water based AHU using chilled water from VAHP instead of reciprocating compressors based chilling system
- Installation of coal fired Hot Air Generator (HAG) for eliminating liquid fuel consumption

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy

- Installation of VFD for Motors
- To reduce power cost by optimizing equipment running hour
- Installation of solar lights for street lighting
- Reduction in steam losses
- Reduction in power consumption by installing high efficiency air blower

Expected investment in above initiatives is ₹7.3 million

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

- Reduction in steam and power consumption norm

  1. Savings due to conservation of energy: ₹4.5 million per annum, approximately
  2. Savings due to (b): ₹5.3 million per annum, approximately

(d) Total Energy Consumption and energy consumption per unit of production

## FORM A

**A. Power & Fuel Consumption**

| | | | Year ended March 31, 2011 | Year ended March 31, 2010 |
|---|---|---|---|---|
| **1.** | **ELECTRICITY** | | | |
| | **A. Purchased** | | | |
| | (i) Unit | KWH | 22,316,135.50 | - |
| | (ii) Total Amount | ₹ in Million | 116.30 | - |
| | (iii) Rate/unit | ₹/KWH | 5.21 | - |
| | **B. Own Generation** | | | |
| | - Through Diesel Generator (DG) | | | |
| | (i) Unit | KWH | 110,557.00 | - |
| | (ii) Unit per ltr of RFO/LDO | KWH/LTR | 2.68 | - |
| | (iii) Cost/unit | ₹/KWH | 16.58 | - |
| | - Through Steam Turbine/Generator | | | |
| | (i) Unit | KWH | - | - |
| | (ii) Units per MT of Steam | KWH/MT | - | - |
| | (iii) Cost/unit | ₹/KWH | - | - |
| **2.** | **Coal** | | | |
| | Quantity | MT | 5,411.54 | - |
| | Total Cost | ₹ in Million | 19.61 | - |
| | Average Rate | ₹/MT | 3,623.18 | - |
| **3.** | **Furnace Oil** | | | |
| | Quantity | KL | 1,190.66 | - |
| | Total Cost | ₹ in Million | 36.83 | - |
| | Average Rate | ₹/KL | 30,932.60 | - |
| **4.** | **Others/Internal Generation (Steam)** | | | |
| | Quantity | MT | 11,817.00 | - |
| | Total Cost | ₹ in Million | 10.96 | - |
| | Average Rate | ₹/MT | 927.89 | - |

**B. Consumption per Unit of Production**

| | | Year ended March 31, 2011 | Year ended March 31, 2010 |
|---|---|---|---|
| **AGRI BUSINESS** | | | |
| Electricity | KWH/MT | 39.163 | - |
| Steam | MT/MT | - | - |
| Furnace Oil | LT/MT | 2.535 | - |
| Coal | MT/MT | 0.016 | - |
| **POLYMERS** | | | |
| Electricity | KWH/MT | 208.877 | - |
| Steam | MT/MT | 0.318 | - |
| Furnace Oil | LT/MT | 8.702 | - |
| Coal | MT/MT | - | - |
| **OTHERS** | | | |
| Electricity | KWH/MT | 47.046 | - |
| Steam | MT/MT | - | - |
| Furnace Oil | L/MT | - | - |
| Coal | $NM^3$/MT | - | - |

## B. Technology Absorption

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

The Company has R&D Centres in India at Noida, Gajraula, and Samlaya. The Company has 16 R&D Employees out of which 4 are doctorates and others are post graduates and graduates. R&D supports the activities of various businesses through new product and process development, process optimization, absorption technology and establishing technologies at commercial scale, focusing green chemistry guidelines. R&D is a focal point for the continuous improvements of existing processes throughout the life cycle of the product.

1. Specific areas where company carries out R&D:
   - Development of speciality polymers, including food polymers
   - Development of ethoxylates & emulsifiers
   - Development of new latexes based on Butadiene chemistry, including 2 Vinyl Pyridine Latex
   - New process developed for NBR Latex to Control rate of reaction
   - New process developed to control reacting fouling in VP Latex reactor
   - New process developed to control viscosity of Latex
   - Development of Nitrile Latex
   - Development of inbuilt emulsified VP Latex
   - Development of Carboxylated VP Latex
   - Development of Cold SBR Latex
   - Development of SBR Latex CG5050
   - Development of Various micronutrients for plant Health
   - Development of polymer base adhesive and wood finishes
   - Development of Polymer base coating
   - Development of various chewing gum and bubble gum base and various confectionary items

2. Benefits derived as a result of the above R&D:
   - Strong position in performance chemicals based businesses in markets
   - Partners of choice for global polymer and agrochemical companies
   - Global leadership in selected segments of our business
   - Development of new products
   - Generation of own IPRs to provide competitive edge
   - Major growth in export of our products
   - Competitiveness in cost and quality
   - Effective effluent management
   - Import Substitution

3. Future Action Plan:
   - Development of new products in the field of polymers and adhesives for application in coating, textile, footwear, paper, auto, electronic and other industries.
   - Explore possibilities for new products in the field of Food polymers
   - Implementation of lean six sigma in R&D's for enhanced efficiency
   - Development of premium grade Wood Adhesive
   - Development of Contact water base adhesive for flooring segment
   - Development of water base rubber adhesive for footwear application
   - Development of water base adhesive for foam bonding
   - Development of clear lacquer gloss as aerosol pack
   - Development of Water based multipurpose wood sealer
   - Development of white Stain
   - Commercialization of various micro nutrition for plant health
   - Development of new methods for raw materials and finished goods

4. Expenditure on R&D

(₹ in million)

| | | Year ended March 31, 2011 | Year ended March 31, 2010 |
|---|---|---|---|
| (a) | Capital | - | - |
| (b) | Recurring | 25.34 | - |
| (c) | Total | 25.34 | - |
| (d) | Total R&D expenditure as a percentage of turnover | 0.46% | - |

(b) Technology absorption, adaptation and innovation:

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

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

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

   The innovation in all the areas of the business results in new and more efficient products, which helps in improvement of the performance of the customers. The Company's R&D is grounded in business reality and it measures the performance of the R&D through the new product launches which are import substitute and achieved a global leadership position within five years.

   These continuous efforts result in more cost effectiveness and improvement in the service to the customers.

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

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

**C. Foreign Exchange Earnings and Outgo**

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

- Activities relating to exports

  Exports contributed 11% of the net sales of the Company during FY 2011. Export focus continues in tandem with the corporate philosophy of focus on Latex and Food Polymers.

- Initiatives taken to increase exports

  The company during the year expanded its geographical base with its entry in new markets of Turkey, East Asia, Africa, South East Asia, Middle East & Europe. The Company continued its focus on Customer Satisfaction, through a review of "Customer Satisfaction Index" during the year.

- Development of new export markets for products and services

  Several new customers were added within the existing strong markets of America & Asia. Your Company initiated several key discussions with large Latex and Food Polymers Companies for development in markets of South America, North America & Europe.

  The Company has been accepted as a responsible and reliable supplier of Latex and Food Polymer which has resulted in exclusive manufacturing & development contracts.

  Persistent focus and efforts have resulted in initial breakthroughs with major Latex and Food Polymer Companies in South America and Europe.

- Export Plans

  Going forward, the Company intends to keep its focus on being Latex and Food Polymer major across the established markets, and introduce a number of products in recently developed markets. Your Company would emphasize on giving customized service and being reliable partner as product's quality is already well established in the other geographies.

  Plans are to grow substantially in the international market & to use the exports as the Growth Drivers in the coming years.

- Approach towards Foreign Exchange Risk Management

  Your Company managed its foreign exchange risks by entering into forward contracts to ensure that there is a high degree of certainty about the exchange rates at which actual transactions shall be recorded.

(b) Total foreign exchange used and earned

(₹ in million)

| | 2010-11 | 2009-10 |
|---|---|---|
| Foreign exchange used | 993.15 | - |
| Foreign exchange earned | 627.61 | - |

# Annexure B

STATEMENT U/S 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2011

| S. No. | Employee Name | Designation & Nature of Duties | Qualification | Total Work Experience (Years) | Date of Commencement of Employment | Age | Remuneration (₹) | Previous Employment Held | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Designation | Name of the Company |
| A. | EMPLOYED FOR FULL YEAR AND IN RECEIPT OF REMUNERATION FOR THE YEAR WHICH IN AGGREGATE WAS NOT LESS THAN ₹60,00,000 | | | | | | | | |
| 1. | Mr. Ananda Mukherjee | CEO & Whole Time Director | B.E. (Mech.), PGDM (Mktg.) | 27 | November 15, 2010* | 52 Years | 1,56,58,580 | CEO - Polymers | Jubilant Life Sciences Limited |
| 2. | Dr. Jagdish Kestur Rao | Sr. Vice President-Latex | M. Sc., Ph. D. | 22 | November 15, 2010* | 50 Years | 64,26,100 | Sr. VP - Latex | Jubilant Life Sciences Limited |
| B. | EMPLOYED FOR PART OF THE YEAR AND IN RECEIPT OF REMUNERATION, WHICH IN AGGREGATE WAS NOT LESS THAN ₹5,00,000 P.M. | | | | | | | | |
| | NIL | | | | | | | | |

**NOTES**

1. All above persons are full time employees of the Company and their employment is governed by the rules and regulations of the Company from time to time.
2. The above employees do not fall within the meaning of section 217 (2A) (a) (iii) of the Companies Act, 1956.
3. Mr. Ananda Mukherjee is a Director. He is not related to any other Director of the Company. Mr. Jagdish Kestur Rao is also not related to any Director of the Company.
4. *Consequent to the Scheme of Amalgamation & Demerger, from the Demerger appointed date i.e. April1, 2010, till the scheme becoming effective from November 15, 2010, the operations of the Company were run by Jubilant Life Sciences Limited on trust for and on behalf of the Company. Accordingly, the remuneration of Mr. Ananda Mukherjee and Dr. Jagdish Kestur Rao from April 1, 2010 onwards were debited to Jubilant Industries Limited.
5. Remuneration comprises of salary, allowances and perquisites/taxable value of perquisites including perquisite value of ESOPs exercised.

   Abbreviations : CEO - Chief Executive Officer; Sr. VP - Senior Vice President

# REPORT ON CORPORATE GOVERNANCE

Annexure C

**REPORT ON CORPORATE GOVERNANCE**

**a) Company's Philosophy:**

At Jubilant Industries Limited ("the Company"), Corporate Governance is both a tradition and a way of life. We believe in delivering on our promise of *Caring, Sharing, Growing,* which translates into:

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

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

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

The highlights of the Company's Corporate Governance Regime are:

- Broad based and well-represented Board with a fair representation of Executive, Non-Executive and Independent directors with two-third of the board being Non-Promoters
- Constitution of several Committees such as Audit Committee, Remuneration Committee, Investors' Grievance Committee etc. for more focused attention
- Established Code of Conduct for Directors and Senior Management. Instituted Whistle-blower policy and Code of Conduct for Prevention of Insider Trading
- Focus on hiring, retaining and nurturing best talent and to promote a culture of excellence across the organisation. Exhaustive HRD Policies cover succession planning, training and development, employee grievance handling
- Organisation wide 'Velocity' initiatives taken which include world-class improvement methodologies such as Six Sigma, Lean and World Class manufacturing
- Exhaustive and unique system of internal controls spanning over 1000 control points monitored through especially designed software
- Robust Risk Management framework for identifying various risks, assessing their probability as well as likely impact and finalizing risk minimization plans
- Comprehensive Corporate Sustainability Management System focussing on triple bottom- line reporting on economic, environment and society parameters as per Global Reporting Initiatives standards with a stated policy on sustainability

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

During the year 2010-11, the Company won the following awards:

- Frost & Sullivan Award for Competitive Strategy Leadership for the year 2010
- Greentech Safety Gold Award 2011 in Chemical Sector for outstanding safety management
- Joint Runner Up for Environment Protection for SSP Plants for the year 2009-10.

**b) Board of Directors:**

**(i) Composition**

The Board comprises of six Directors out of which three are Non-Executive Independent Directors, two promoter Directors and one CEO and Whole Time Director.

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

**(ii) Meetings of the Board**

Meetings of the Board are generally held at the Corporate office of the Company at 1A, Sector 16A, Noida - 201301, Uttar Pradesh, India. During the financial year under review, the Board met sixteen times i.e. on April 30, 2010; May 20, 2010; May 26, 2010; June 02, 2010; June 04, 2010; June 25, 2010; July 08, 2010; October 12, 2010; October 20, 2010; October 28, 2010; November 01, 2010; November 15, 2010; November 24, 2010; November 26, 2010; November 27, 2010 and February 14, 2011.

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

An annual calendar of meetings is prepared and shared with the Directors in the beginning of the year, to enable them to plan their attendance at the meetings.

Directors are expected to attend Board Meetings, spend the necessary time and meet as frequently as the situation warrants to properly discharge their responsibilities.

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

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

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

| Name and Designation | Category | Attendance at Meetings | | |
|---|---|---|---|---|
| | | No. of Board Meetings | | Last AGM |
| | | Held during Tenure | Attended | Attended |
| Mr. Hari S. Bhartia@* *Chairman* | Non-Executive and Promoter | 6 | 5 | No |
| Mr. Priyavrat Bhartia@** *Director* | Non-Executive and Promoter | 7 | 7 | No |
| Mr. Ananda Mukherjee*** *CEO & Whole Time Director* | Executive | 8 | 7 | No |
| Mr. R. Bupathy**** *Director* | Non-Executive, Independent | 3 | 2 | No |
| Mr. Ghanshyam Dass**** *Director* | Non-Executive, Independent | 3 | 2 | No |
| Mr. S.K. Roongta**** *Director* | Non-Executive, Independent | 3 | 2 | No |
| Mr. R. Sankaraiah# *Director* | Non-Executive, Independent | 14 | 14 | Yes |
| Mr. Lalit Jain# *Director* | Non-Executive, Independent | 14 | 14 | Yes |
| Mr. Prakash C. Bisht# *Director* | Non-Executive, Independent | 14 | 13 | Yes |

@ Mr. Hari S. Bhartia and Mr. Priyavrat Bhartia are related to each other, Mr. Priyavrat Bhartia being nephew of Mr. Hari S. Bhartia

* Appointed as an Additional Director w.e.f. November 1, 2010.

** Appointed as an Additional Director w.e.f. October 28, 2010.

*** Appointed as an Additional Director w.e.f. October 20, 2010. He was appointed as CEO & Wholetime Director w.e.f. November 15, 2010.

**** Appointed as an Additional Director w.e.f. November 26, 2010.

\# Ceased to be Director w.e.f. November 26, 2010.

**(iii) Other Directorship**

The number of directorships and memberships/chairmanships of Board and Committees held by the Directors in other bodies corporate (excluding Jubilant Industries Limited) as on March 31, 2011 are as given in **TABLE** below:

| Name of Director | No. of Directorships in Other Companies# | | | No. of Chairmanship/ Membership of Committees* | |
|---|---|---|---|---|---|
| | Public | Private | Foreign | Chairmanship | Membership |
| Mr. Hari S. Bhartia | 13 | 12 | 24 | 2 | 6 |
| Mr. Priyavrat Bhartia | 11 | 8 | - | 1 | 6 |
| Mr. Ananda Mukherjee | - | 1 | - | - | 1 |
| Mr. R. Bupathy | 2 | - | - | 3 | 3 |
| Mr. Ghanshyam Dass | 3 | 2 | - | 1 | 3 |
| Mr. S.K. Roongta | 6 | - | - | 2 | 5 |

\# Excluding Section 25 Companies

* Includes only Audit and Investors' Grievance Committee of Indian Public Limited Companies, whether listed or not. Committees of Jubilant Industries Limited are also included

**(iv) Code of Conduct**

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

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

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

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

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

**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/scope. The Committees operate as empowered agents of the Board as per their Charter / Terms of Reference that set forth the purposes, goals and responsibilities of the Committees. Committee members are appointed by the Board with the consent of individual Directors. The Committees meet as often as required. The minutes of the meetings of all Committees of the Board are placed before the subsequent quarterly Board meeting for noting.

Major Committees are:

- Audit Committee
- Investors' Grievance Committee
- Remuneration Committee
- Corporate Governance Committee
- Sustainability Committee

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

**AUDIT COMMITTEE**

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

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

**(i) Terms of reference:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(n) Approval of appointment of CFO;

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

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

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

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

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

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

**(ii) Composition:**

The Committee comprises of three Non-Executive Independent Directors:

- Mr. R. Bupathy (Chairman);
- Mr. Ghanshyam Dass; and
- Mr. S.K. Roongta

**Invitees:**

- Mr. Ananda Mukherjee CEO & Whole Time Director
- Mr. Sandeep Kr. Shaw CFO

The Statutory Auditors, Internal Audit firm's representative, Cost Auditor, and/or other executives, as desired by the Committee, attend the meetings as invitees.

**Secretary:**

- Mr. Amit Khurana Company Secretary

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

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

The Committee was constituted on November 27, 2010. During the year the Committee met 2 times on November 27, 2010 and February 14, 2011. The attendance details are as follows:

| Name of the Member | No. of Meetings Held | No. of meetings attended |
|---|---|---|
| Mr. R. Bupathy (Chairman) | 2 | 2 |
| Mr. Ghanshyam Dass | 2 | 2 |
| Mr. S.K. Roongta | 2 | 2 |

**INVESTORS' GRIEVANCE COMMITTEE**

To expedite the process of share transfers, the Board has delegated the power of share transfer to the Investors Grievance Committee which attends to share transfer formalities normally once in a fortnight.

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

**(i) Terms of Reference:**

The Committee approves the matters relating to:

(a) Transfer & Transmission of shares;

(b) Issue of duplicate share certificates;

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

(d) Other areas of investors' service.

(ii) **Composition:**

The Committee comprises of the following Directors:

- Mr. S. K. Roongta (Chairman);
- Mr. Priyavrat Bhartia; and
- Mr. Ananda Mukherjee

**Secretary and Compliance Officer:**

- Mr. Amit Khurana Company Secretary

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

The Investors' Grievance Committee meets normally once in a fortnight. The quorum for the meetings is either two members or one third of the members, whichever is greater.

During the year under review, the Committee was constituted on November 27, 2010. The Committee met three times on March 1, 2011; March 21, 2011 & March 31, 2011 after listing of the Company's shares on February 14, 2011. The attendance details are as follows:

| Name of the Member | No. of Meetings Held | No. of meetings attended |
|---|---|---|
| Mr. S.K. Roongta (Chairman) | 3 | 3 |
| Mr. Priyavrat Bhartia | 3 | 3 |
| Mr. Ananda Mukherjee | 3 | 3 |

**(iv) Investors' Grievances/Complaints**

During the year, the Company received 1 complaint, which was resolved. No complaint was pending as on March 31, 2011.

**(v) Transfers, Transmissions etc. approved**

During the year under review, the Company received 40 cases (1071 shares) of share transfer/transmission out of which 23 cases (599 shares) were transferred/ transmitted and 17 cases (472 shares) were rejected for technical reasons.

The Company had 24854 investors as on March 31, 2011.

**REMUNERATION COMMITTEE**

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

**(i) Terms of reference:**

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

**(ii) Composition**

The Committee comprises of three Non-Executive Independent Directors namely:

- Mr. Ghanshyam Dass (Chairman);
- Mr. R. Bupathy; and
- Mr. S. K. Roongta

**Secretary**

- Mr. Amit Khurana Company Secretary

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

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

During the year under review, no meeting of the Committee was held.

**CORPORATE GOVERNANCE COMMITTEE**

The Corporate Governance Committee was constituted on February 14, 2011 for evaluating adoption of Voluntary Corporate Governance Guidelines and Corporate Social Responsibility Guidelines issued by the Government of India in December 2009.

**(i) Terms of reference:**

The Committee shall evaluate the adoption of the above said Guidelines.

**(ii) Composition**

The Committee comprises of the following Directors:

- Mr. Hari S. Bhartia;
- Mr. Ghanshyam Dass;
- Mr. R. Bupathy; and
- Mr. Ananda Mukherjee

**(iii) Secretary:**

- Mr. Amit Khurana Company Secretary

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

The committee shall meet as and when necessary. The quorum for the meeting is two members.

No meeting of the Committee was held during the year under review.

**SUSTAINABILITY COMMITTEE**

The Sustainability Committee was constituted on February 14, 2011 to oversee the performance of the Company on triple bottom line indicators viz. Environmental, Economic and Social factors.

**(i) Terms of Reference:**

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

**(ii) Composition**

The Committee comprises of the following:

- Mr. Hari S. Bhartia, (Chairman);
- Mr. Priyavrat Bhartia;
- Mr. Ghanshyam Dass; and
- Mr. Ananda Mukherjee

**(iii) Secretary**

Mr. Amit Khurana Company Secretary

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

The Committee meets at least twice a year. The quorum for the meeting is two members.

No meeting was held during the year under review.

**d) Remuneration of Directors**

**(i) Remuneration to Whole-Time Director**

Mr. Ananda Mukerjee was appointed as CEO & Whole Time Director of the Company w.e.f. November 15, 2010.

Remuneration including perquisites/allowances, retirement benefits paid/payable to the Wholetime Director for the year 2010-11 was as follows:

(Amount in ₹ million)

| | |
|---|---:|
| Salary | 2.29 |
| Perquisites/Allowances | 3.49 |
| Contribution to Provident Fund | 0.27 |
| **TOTAL** | **6.05** |

The above excludes the provision for gratuity and leave encashment as the same is calculated on overall Company basis.

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

The appointment of Whole-time Director is contractual. The appointment of Whole time Director is terminable by the Company by giving 3 months' notice or salary in lieu thereof.

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

Mr. Hari S. Bhartia and Mr. Priyavrat Bhartia, Non-Executive Directors, have opted not to recieve any remuneration.

Details of sitting fees for Board/Committee Meetings and commission paid/payable to the Non-Executive Directors for year ended March 31, 2011 is shown as under:

| | Sitting Fees ₹ | Commission ₹* |
|---|---:|---:|
| Mr. R. Bupathy | 60,000 | 1,72,603 |
| Mr. Ghanshyam Dass | 60,000 | 1,72,603 |
| Mr. S.K. Roongta | 65,000 | 1,72,603 |
| **Total** | **1,85,000** | **5,17,809** |

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

Mr. Hari S. Bhartia holds 18044 equity shares in the Company and Mr. Priyavrat Bhartia holds 154 equity shares in the Company. Other Non-Executive Directors do not hold any equity share in the Company. Other than holding shares and remuneration as indicated above, the Non-Executive Directors did not have any pecuniary relationship or transactions with the Company.

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

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

**e) Remuneration Policy**

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

**f) General Body Meetings**

(i) The last three Annual General Meetings of the Company were held as under:

| Financial Year | Date | Time | Location |
|---|---|---|---|
| 2009-10 (4th AGM) | September 28, 2010 | 11.00 am | **Registered office:** Bhartiagram, Gajraula – 244223, District Jyotiba Phoolay Nagar, U.P. |
| 2008-09 (3rd AGM) | September 30, 2009 | 11.00 am | **Registered office:** 2A/ 244, Azad Nagar, Kanpur, U.P. |
| 2007-08 (2nd AGM) | September 30, 2008 | 11.00 am | **Registered office:** 2A/ 244, Azad Nagar, Kanpur, U.P. |

(ii) **Special resolutions passed during last 3 AGMs:**

None

(iii) **Special resolutions passed through Postal Ballot last year**

None

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

No

(v) **Procedure for Postal Ballot**

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

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

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

**g) Disclosures**

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

(ii) There are no materially significant transactions with the related parties viz. promoters, directors or the management, their subsidiaries or relatives, etc. that may have a potential conflict with the interests of the Company at large. Related party transactions are given at Note No. 16 of Schedule 'N' to the accounts.

(iii) The Company has complied with various rules and regulations prescribed by Stock Exchanges, Securities and Exchange Board of India or any other statutory authority relating to the capital markets since listing of its equity shares. No penalties or strictures been imposed by them on the Company.

(iv) Listing fees for the financial year 2011-12 have been paid to the Stock Exchanges on which the shares of the Company are listed.

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

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

**h) Means of Communication**

(i) The quarterly results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board. The results are generally published in leading Business Newspapers of the country like 'Financial Express', 'Business Standard', 'The Economic Times' and 'The Hindu Business Line', general interest national newspapers like 'The Times of India', 'Hindustan Times' and 'The Pioneer' and regional newspapers like 'Amar Ujala' and 'Dainik Jagran' in accordance with the guidelines of Stock Exchanges.

(ii) The quarterly financial results are posted on the website of the Company at www.jubilantindustries.com. The website also displays official news release.

(iii) The Investor Relations department of the Company regularly interacts with current and prospective shareholders and capital market intermediaries (brokers) who either invest in Company stocks and/or influence investors to do the same, directly or through bourses. Investor Relations Department responds to all requests from investors and analysts, through calls/emails, with respect to the business profile and financial performance of the Company. The published results are shared after the Board meeting by uploading on the corporate website for all interested stakeholders.

**i) General Shareholders' Information**

**(i) Date, Time and Venue for 5th Annual General Meeting:**

| | |
|---|---|
| **Date and Time** | August 23, 2011; 2:30 PM |
| **Venue** | **Registered Office:** Bhartiagram, Gajraula - 244223 District Jyotiba Phoolay Nagar, U.P. |

**(ii) Financial Calendar- 2011-12***

| Item | Tentative Dates * |
|---|---|
| First Quarter Results | August 10, 2011 |
| Second Quarter Results | November 2, 2011 |
| Third Quarter Results | February 7, 2012 |
| Audited Annual Results for the year | May 9, 2012 |

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

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

As per Notice of 5th Annual General Meeting. The Dividend, if declared, will be paid on or before September 22, 2011.

**(iv) Listing**

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

| S. No. | Name of the Stock Exchange | Security Listed | Stock Code |
|---|---|---|---|
| 1. | Bombay Stock Exchange Ltd. | Equity Shares | 533320 |
| 2. | National Stock Exchange of India Ltd. | Equity Shares | JUBLINDS |

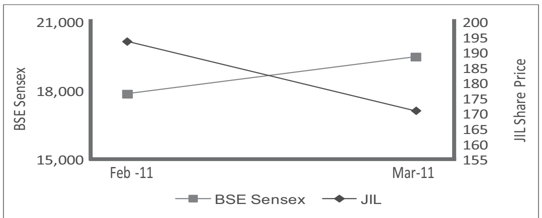
**(v) Market Price Data**

Monthly high/low of market price of the Company's equity shares traded on the Stock Exchanges during 2010-11 is given here under:

(Equity Shares of ₹10/- each)

| Month | BSE | | NSE | |
|---|---|---|---|---|
| | High (₹) | Low (₹) | High (₹) | Low (₹) |
| February, 2011 | 300.00 | 100.00 | 299.00 | 100.00 |
| March, 2011 | 195.95 | 157.50 | 197.00 | 156.25 |

**(vi) Performance of the Company's equity shares in comparison to BSE Sensex**




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

**(vii) Compliance Officer**

Mr. Amit Khurana, Company Secretary, is the Compliance Officer appointed by Board. He can be contacted for any investor related matter relating to the Company. The contact nos are +91-120-2516601-11 Fax no. +91 -120-4223876 and e-mail id is **"investorsjil@jubl.com"**.

**(viii) Registrar and Share Transfer Agent**

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

M/s. Alankit Assignments Limited, Alankit House, 2E/21, Jhandewalan Extension, New Delhi-110055; Tel: +91-11-23541234, 42541234; E-mail: rta@alankit.com

**(ix) Share Transfer System**

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

**(x) Distribution of shareholding as on March 31, 2011**

**(a) Value wise**

| Shareholding of nominal value in ₹ | Shareholders | | Shareholding | |
|---|---|---|---|---|
| | Number | % of Total | Face value of shares (₹) | % of Total |
| Upto 5000 | 24,513 | 98.63 | 71,83,400 | 8.96 |
| 5001 to 10000 | 128 | 0.52 | 9,52,910 | 1.19 |
| 10001 to 20000 | 73 | 0.29 | 10,57,110 | 1.32 |
| 20001 to 30000 | 25 | 0.10 | 5,96,140 | 0.74 |
| 30001 to 40000 | 13 | 0.05 | 4,47,790 | 0.56 |
| 40001 to 50000 | 8 | 0.03 | 3,69,320 | 0.46 |
| 50001 to 100000 | 28 | 0.11 | 19,42,540 | 2.42 |
| 100001 and above | 66 | 0.27 | 6,75,91,350 | 84.34 |
| **Total** | **24,854** | **100.00** | **8,01,40,560** | **100.00** |

**(b) Category wise**

| S. No. | Category | No. of shares | Shareholding as a percentage of total number of shares |
|---|---|---|---|
| A | **Promoters & Promoter Group** | 38,07,596 | 47.51 |
| B | **Public Shareholding** | | |
| 1 | Financial Institutions / Banks | 57,115 | 0.71 |
| 2 | UTI & Mutual Funds | 1,06,632 | 1.33 |
| 3 | Domestic Companies | 7,87,391 | 9.83 |
| 4 | Non Resident Indians | 50,503 | 0.63 |
| 5 | FII / Foreign Investors | 16,21,720 | 20.23 |
| 6 | Indian Public | 15,83,099 | 19.76 |
| | **Grand Total** | 80,14,056 | **100.00** |

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

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

The Company Secretary is the Compliance Officer in this regard.

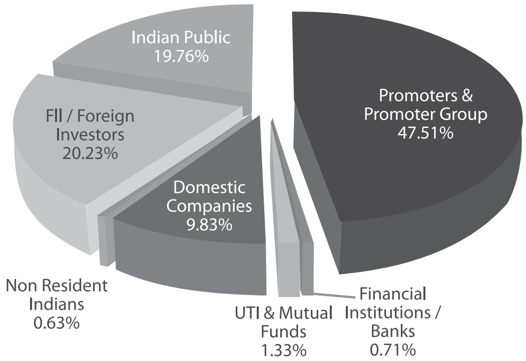
**(xii) Information pursuant to Clause 49 IV (G) (i) of the Listing Agreement**

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

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

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

**(xiv) Distribution of Shareholding as on March 31, 2011**




**(xv) (a) Dematerialisation of Shares**

The shares of the Company fall under the category of compulsory delivery in dematerialised mode by all categories of investors. The Company has signed agreements with National Securities Depository Limited (NSDL) and Central Depositories Services (India) Limited (CDSL). As on March 31, 2011, 73,62,083 equity shares of the Company (91.86 % of the paid-up capital) were in dematerialised form.

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE645L01011.

**(b) Liquidity**

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

**(c) Paid-Up Capital**

The Paid-up Capital as at March 31, 2011 stands at 80,14,056 equity shares of ₹10 each amounting to ₹8,01,40,560 (Rupees Eight Crores One Lac Forty Thousand Five Hundred and Sixty only).

**(xvi) Location of the Plants**

i. Bhartiagram, Gajraula - 244223, District Jyotiba Phoolay Nagar, Uttar Pradesh

ii. Village Samlaya, Taluk Savli, District Vadodara - 391520, Gujarat

iii. Village Nimbut, Rly Station Nira, District Pune - 412102, Maharastra

iv. Village Singhpur, Tehasil Kapasan, District Chittorgarh, Rajasthan

v. C-2 & C-3, Site IV, Sahibabad Industrial Area, Sahibabad, District Ghaziabad, Uttar Pradesh - 201010

**(xvii) R&D Centres**

| | |
|---|---|
| Noida R&D | C-26, Sector 59, Noida, Uttar Pradesh |
| Gajraula R&D | Bhartiagram, Gajraula - 244223 District Jyotiba Phoolay Nagar, Uttar Pradesh |
| Savli R&D | Block 133, Village Samlaya, Taluka Savli, District Vadodara, Gujarat |

**(xviii) Address for Correspondence**

**Jubilant Industries Limited**
1A, Sector-16-A
Noida - 201 301, Uttar Pradesh
Tel: +91 120 2516601/2516611
Fax: +91 120 4223876
e-mail: investorsjil@jubl.com
Website: http://www.jubilantindustries.com

**Compliance with Clause 49 of Listing Agreement**

**(a) Mandatory Requirements**

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

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

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

**1. The Board**

- **Non Executive Chairman's Office**
  Chairman is non executive and he is given all required support.

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

As on date, none of the independent Directors are directors for more than 9 years.

**2. Remuneration Committee**

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

**3. Shareholders' Rights**

Not applicable.

**4. Audit Qualifications**

The financial statements of the Company contain no audit qualifications.

**5. Training of Board Members**

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

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

Not Adopted.

**7. Whistle Blower Policy**

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

**Corporate Governance Voluntary Guidelines 2009 and Corporate Social Responsibility Voluntary Guidelines 2009**

The Central Government promulgated in December 2009, a set of Corporate Governance Guidelines ('CG Guidelines') and a set of Corporate Social Responsibility Guidelines ('CSR Guidelines') for all companies.

The Company has constituted a Committee to evaluate these Guidelines and come up with implementation timelines.

With regard to the CG Guidelines, the Company has already complied with a significant portion of the recommendations contained therein.

With regard to the CSR Guidelines, the Company is fully compliant.

**Compliance with Code of Conduct**

A declaration by the Chairman that all directors and senior management personnel have affirmed compliance with the Code of Conduct of the Company for the year ended March 31, 2011 is attached as **Annexure E**.

**CEO/CFO Certification**

In compliance with Clause 49(V) of the Listing Agreement, a declaration by the CEO & Wholetime Director and CFO has been attached as **Annexure F** which, inter-alia, certifies to the Board the accuracy of financial statements and the adequacy of internal controls for the financial reporting purpose.

## Annexure D

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

To the Members of

**Jubilant Industries Limited (formerly Hitech Shiksha Limited)**

We have examined the compliance of conditions of corporate governance by Jubilant Industries Limited ("the Company") (formerly Hitech Shiksha Limited) for the year ended on March 31, 2011, as stipulated in clause 49 of the Listing Agreement of the Company with the stock exchanges. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.

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

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

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

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

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

Place : Noida
Date : April 29, 2011

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## Annexure E

### TO WHOM IT MAY CONCERN

This is to confirm that all the Board members and senior management personnel have affirmed compliance with the Code of Conduct of the Company for the year ended March 31, 2011.

For **Jubilant Industries Limited**

**Hari S. Bhartia**
Chairman

Place : Noida
Date : April 29, 2011

Annexure F

## CERTIFICATE OF CEO/CFO

This is to certify that :

(a) We have reviewed financial statements and the cash flow statement for the year 2010-11 and that to the best of our knowledge and belief:

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

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

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

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

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

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

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

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

For **Jubilant Industries Limited**

Place : Noida
Date : April 29, 2011

**Ananda Mukherjee**
CEO & Whole Time Director

**Sandeep Kr. Shaw**
Chief Financial Officer

# AUDITORS' REPORT

**To the members of Jubilant Industries Limited (Formerly Hitech Shiksha Limited)**

1. We have audited the attached Balance Sheet of JUBILANT INDUSTRIES LIMITED (Formerly Hitech Shiksha Limited) ("the Company") as at March 31, 2011 the related Profit and Loss Account for the year ended on that date annexed thereto, and the Cash Flow Statement of the Company for the period ended on that date, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

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

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

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

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

   e) According to the information and explanation given to us and on the basis of written representations received from the Directors as on March 31, 2011 of the Company and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2011, from being appointed as a Director in terms of clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956;

   f) The Company has received proper returns from branches not visited by us;

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

      (i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;

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

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

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

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

Place : Noida
Date : 29th April, 2011

# ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date on the accounts of the year ended 31st March, 2011.

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

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

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

ii) (a) The inventories have been physically verified during the year by the management at reasonable intervals.

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

(c) The Company is maintaining proper records of inventory. In our opinion, discrepancies noticed on physical verification of stocks were not material in relation to the operations of the Company.

iii) (a) According to the information and explanations given to us, the Company has, during the year, not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii)(a), (b) and (c) of the Companies (Auditors' Report) Order, 2003 (hereinafter referred to as the Order) are not applicable.

(b) According to the information and explanations given to us, the Company has, during the year, not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraph 4(iii)(e), (f) and (g) of the Order, are not applicable.

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

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

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

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

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

viii) The Central Government has prescribed maintenance of the Cost Records under section 209(1)(d) of the Companies Act, 1956 in respect to the Companies' Fertilizer and Sulphuric Acid business. We have broadly reviewed the books of account maintained by the Company pursuant to the Order made by the Central Government for the maintenance of the cost records for the said products of the Company and are of the opinion that prima facie the prescribed accounts and records have been maintained. We are, however, not required to and have not carried out any detailed examination of such accounts and records with a view to determining whether they are accurate or complete.

ix) (a) According to the records examined by us , the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investors education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues wherever applicable. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March, 2011 for a period of more than six months from the date they became payable.

(b) According to the records of the Company, there were no dues of sale tax, income tax, custom duty, wealth tax, service tax, excise duty, cess which have not been deposited on account of disputes as at 31st March, 2011.

x) There are no accumulated losses of the Company as at 31st March, 2011. The Company has not incurred any cash losses during the financial year covered by our audit, however in the immediately preceding financial year, it has incurred cash loss.

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

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

xiii) The provisions of any special statute as specified under paragraph (xiii) of the Order are not applicable to the Company.

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

xv) According to the information and explanations given to us, Company has not given any guarantee during the year for loans taken by others from banks or financial institution.

xvi) According to the information and explanations given to us, the Company has not taken any term loan during the year.

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

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

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

xx) The Company has not raised any money by Public Issue during the year. The shares issued to the public was by way of allotment pursuant to the duly approved scheme pursuant to Section 391 & 394 of the Companies Act,1956 of Jubilant Life Sciences Limited (formerly Jubilant Organosys Limited) and the Company.

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

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

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

Place : Noida
Date : 29th April, 2011

# BALANCE SHEET

(₹ in million)

| As at 31st March, | Schedules | 2011 | | 2010 | |
|---|---|---|---|---|---|
| **SOURCES OF FUNDS** | | | | | |
| **Shareholders' Funds** | | | | | |
| Share Capital | A | 80.14 | | 0.50 | |
| Reserves & Surplus | B | 2,720.32 | | - | |
| | | | 2,800.46 | | 0.50 |
| **Loan Funds** | C | | | | |
| Secured Loans | | | 42.33 | | - |
| **Deferred Tax Liabilities (Net)** | D | | 83.99 | | - |
| | | | 2,926.78 | | 0.50 |
| **APPLICATION OF FUNDS** | | | | | |
| **Fixed Assets** | E | | | | |
| Gross Block | | 1,601.58 | | - | |
| Less: Depreciation & Amortisation | | 553.15 | | - | |
| Net Block | | 1,048.43 | | - | |
| Capital Work-in-Progress | | 96.59 | | - | |
| | | | 1,145.02 | | - |
| **Investments** | F | | 2.22 | | - |
| **Current Assets, Loans and Advances** | G | | | | |
| Inventories | | 961.17 | | - | |
| Sundry Debtors | | 761.81 | | - | |
| Cash & Bank Balances | | 364.02 | | 0.40 | |
| Loans and Advances | | 680.15 | | - | |
| | | 2,767.15 | | 0.40 | |
| **Less: Current Liabilities & Provisions** | H | | | | |
| Liabilities | | 820.00 | | - | |
| Provisions | | 167.61 | | - | |
| | | 987.61 | | - | |
| **Net Current Assets** | | | 1,779.54 | | 0.40 |
| **Profit & Loss A/c (Debit Balance)** | | | - | | 0.10 |
| | | | 2,926.78 | | 0.50 |
| **Notes to Accounts & Significant Accounting Policies** | N | | | | |

**Schedule "A" to "H" and "N" referred above form an integral part of the Balance Sheet.**

In terms of our review report of even date attached.

For and on behalf of the Board

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

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

**Hari S. Bhartia**
Chairman

Place : Noida
Date : 29th April, 2011

**Amit Khurana**
Company Secretary

**Sandeep Kr. Shaw**
Chief Financial Officer

**Ananda Mukherjee**
CEO & Whole Time Director

# PROFIT AND LOSS ACCOUNT

(₹ in million)

| For the Year Ended 31st March, | Schedules | 2011 | | 2010 |
|---|---|---|---|---|
| **INCOME** | | | | |
| Sales & Services | I | 5,790.76 | | |
| Less: Excise Duty on Sales | | (250.86) | | |
| Net Sales & Services | | | 5,539.90 | - |
| Other Income | J | | 25.45 | 0.10 |
| Increase/(Decrease) in Stocks | K | | (134.68) | - |
| | | | 5,430.67 | 0.10 |
| **EXPENDITURE** | | | | |
| Manufacturing & Other Expenses | L | | 4,962.40 | 0.20 |
| Depreciation & Amortisation | | | 57.53 | - |
| **Interest** | M | | 6.64 | - |
| | | | 5,026.57 | 0.20 |
| **Profit/(Loss) Before Tax** | | | 404.10 | (0.10) |
| Profit/(Loss) From Continuing Operations Before Tax | | 482.93 | | |
| Tax Charge/(Credit) | | 139.71 | | |
| **Profit/(Loss) From Continuing Operations After Tax** | | 343.22 | | |
| Profit/(Loss) From Discontinuing Operations Before Tax (Refer Note-13 of Schedule 'N') | | (78.83) | | |
| Tax Charge/(Credit) | | (21.69) | | |
| **Profit/(Loss) From Discontinuing Operations After Tax (Refer Note-13 of Schedule 'N')** | | (57.14) | | |
| **Profit After Tax** | | | 286.08 | (0.10) |
| Balance Brought Forward from Previous period (Including adjustment on implementation of Scheme of Amalgamation & Demerger) | | | 984.80 | - |
| **Balance Available For Appropriation** | | | 1,270.88 | (0.10) |
| **APPROPRIATIONS** | | | | |
| Dividend on Equity Shares | | 24.04 | | |
| Tax on Distributed Profits on Equity Shares | | 3.90 | | |
| | | | 27.94 | - |
| Transfer to General Reserve | | | 30.00 | - |
| **Balance Carried To Balance Sheet** | | | 1,212.94 | (0.10) |
| **Basic Earnings Per Share of ₹10 each (In ₹)** | N | | 35.70 | (6.01) |
| **Diluted Earnings Per Share of ₹10 each (In ₹)** | N | | 35.70 | (6.01) |
| **(Refer Note 18 H of Schedule "N")** | | | | |
| **Notes to Accounts & Significant Accounting Policies** | N | | | |

**Schedule "I" to "N" referred above form an integral part of the Profit & Loss Account.**

In terms of our review report of even date attached.

For and on behalf of the Board

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

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

**Hari S. Bhartia**
Chairman

Place : Noida
Date : 29th April, 2011

**Amit Khurana**
Company Secretary

**Sandeep Kr. Shaw**
Chief Financial Officer

**Ananda Mukherjee**
CEO & Whole Time Director

# CASH FLOW STATEMENT

(₹ in million)

| For the Year Ended 31st March, | | 2011 | 2010 |
|---|---|---|---|
| A. | **Cash Flow arising from Operating Activities** | | |
| | **Net Profit before tax** | 404.10 | (0.10) |
| | Adjustments for: | | |
| | Depreciation & Amortisation | 57.53 | - |
| | Loss/(Profit) on Sale of Fixed Assets (Net) | 0.11 | - |
| | Interest | 6.64 | - |
| | Provision for Gratuity & Leave Encashment | 24.90 | - |
| | Bad Debts/Irrecoverable Advances Written-off (Net of Write-in) | 37.83 | - |
| | Unrealised (Gain)/ Loss on Foreign Exchange -Net | (0.20) | - |
| | Profit on Sale of Current Investments | (1.66) | - |
| | Income from Current Invstment (Non Trade)-Dividend | (1.45) | - |
| | Interest Income | (19.21) | - |
| | Preliminary Expenses Written Off | - | 0.10 |
| | Share Application Money Written Back | - | (0.10) |
| | | 104.49 | - |
| | **Operating Profit before Working Capital Changes** | **508.59** | **(0.10)** |
| | Adjustments for: | | |
| | (Increase)/Decrease in Trade and Other Receivables | (296.53) | - |
| | (Increase)/Decrease in Inventories | 332.40 | - |
| | Increase/(Decrease) in Current Liabilities & Provisions | (112.58) | - |
| | **Cash generated from Operations** | **431.88** | **(0.10)** |
| | Direct Taxes Paid (Net of refunds) | (63.30) | - |
| | **Net Cash Inflow/(Outflow) in course of Operating Activities** | **368.58** | **(0.10)** |
| B. | **Cash Flow arising from Investing Activities:** | | |
| | Proceeds from Issue of Share Capital (Including Share Application Money) | - | 0.40 |
| | Inter Corporate Loans | (400.00) | - |
| | Acquisition/Purchase of Fixed Assets/CWIP | (190.26) | - |
| | Sale Proceeds of Fixed Assets | 0.27 | - |
| | (Purchase)/Sale of Investments (Net) | 4.17 | - |
| | Investment in subsidiary | (0.50) | |
| | Interest Received | 7.76 | - |
| | Dividend Received | 1.45 | - |
| | **Net Cash Inflow/(Outflow) in course of Investing Activities** | **(577.11)** | **0.40** |
| C. | **Cash Flow arising from Financing Activities:** | | |
| | Repayment of Long Term Borrowings | (970.90) | - |
| | Proceeds from Short Term Borrowings | 42.33 | - |
| | Interest Paid | (6.64) | - |
| | **Net Cash Inflow/(Outflow) in course of Financing Activities** | **(935.21)** | **-** |
| | **Net Increase/(Decrease) in Cash & Cash equivalents (A+B+C)** | **(1,143.74)** | 0.30 |
| | Add : Cash & Cash Equivalent at the beginning of Year (As per Scheme of Amalgamation & Demerger) | 1,507.76 | 0.10 |
| | **Cash & Cash Equivalents at the close of the Year** | **364.02** | **0.40** |
| | **Cash & Cash Equivalent Comprise:** | | |
| | Cash & Bank Balances (Including fixed deposits) | 364.02 | 0.40 |
| | | **364.02** | **0.40** |

**Notes:**

1) Cash Flow Statement has been prepared under the Indirect method as set out in the Accounting Standard 3 (As-3) "Cash Flow Statements" notified by the Central Government of India.
2) Purchase of fixed assets includes movements of Capital Work-in-progress during the year.
3) Cash Flow Statement has been prepared after giving effect to the scheme of Amalgamation & Demerger to the opening balance sheet from appointed date i.e. 1st April, 2010.

In terms of our review report of even date attached.

For and on behalf of the Board

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

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

**Hari S. Bhartia**
Chairman

Place : Noida
Date : 29th April, 2011

**Amit Khurana**
Company Secretary

**Sandeep Kr. Shaw**
Chief Financial Officer

**Ananda Mukherjee**
CEO & Whole Time Director

# SCHEDULES FORMING PART OF THE BALANCE SHEET

(₹ in million)

| As at 31st March, | 2011 | 2010 |
|---|---|---|
| **A. SHARE CAPITAL** | | |
| **Authorised** | | |
| 10,000,000 Equity Shares of ₹10 each (As at 31st March, 2010 - 100,000 Equity Shares of ₹10 each) | 100.00 | 1.00 |
| | 100.00 | 1.00 |
| **Issued & Subscribed** | | |
| 8,014,056 Equity Shares of ₹10 each (As at 31st March, 2010 - 50,000 Equity Shares of ₹10 each) (1) | 80.14 | 0.50 |
| | 80.14 | 0.50 |
| **Paid up** | | |
| 8,014,056 Equity Shares of ₹10 each (As at 31st March, 2010 - 50,000 Equity Shares of ₹10 each) (1) | 80.14 | 0.50 |
| | 80.14 | 0.50 |

**Notes:**

(1) 7,964,056 equity shares of ₹10 each allotted and issued pursuant to the Scheme of Amalgamation & Demerger with Jubilant Life Sciences Limited (formerly Jubilant Organosys Limited) for consideration other than cash.

(₹ in million)

| | As at 31st March, 2010 | Additions on Implementation of Scheme | Additions/ Created during the year | Deductions during the year | As at 31st March, 2011 |
|---|---|---|---|---|---|
| **B. RESERVES AND SURPLUS** | | | | | |
| Capital Reserve | - | 24.62 | - | - | 24.62 |
| Securities Premium Account | - | 837.18 | - | - | 837.18 |
| General Reserve | - | 615.58 | 30.00 | - | 645.58 |
| Surplus as per Profit & Loss Account | - | 984.80 | 286.08 | 57.94 | 1,212.94 |
| **TOTAL** | **-** | **2,462.18** | **316.08** | **57.94** | **2,720.32** |
| Previous Year | - | - | - | - | - |
| (Refer Note -2 of Schedule "N") | | | | | |

(₹ in million)

| As at 31st March, | 2011 | 2010 |
|---|---|---|
| **C. LOANS** | | |
| **Secured** | | |
| **Loans From Bank** | | |
| - Working Capital (1) | 42.33 | - |
| | 42.33 | **-** |

**Notes:**

(1) Working capital facility sanctioned by Corporation Bank, is secured by exclusive first charge on inventory cum book debts/ current assets of the company both present and future, wherever the same may be or be held.

(₹ in million)

| As at 31st March, | 2011 | 2010 |
|---|---|---|
| **D. DEFERRED TAX LIABILITY** | | |
| Deferred Tax Liabilities | 110.96 | - |
| Deferred Tax Assets | 26.97 | - |
| Deferred Tax Liabilities (Net) | 83.99 | - |
| (Refer Note 9 of Schedule "N") | | |

# SCHEDULES FORMING PART OF THE BALANCE SHEET

## E. FIXED ASSETS

(₹ in million)

| | GROSS BLOCK - COST/BOOK VALUE | | | | | DEPRECIATION / AMORTIZATION | | | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Description | Total as at 31st March, 2010 | Additions/ consequent to Amalgamation & Demerger Scheme (1) | Additions/ adjustments during the year | Deductions/ adjustments during the year | Total as at 31st March, 2011 | Total as at 31st March, 2010 | Additions/ consequent to Amalgamation & Demerger Scheme (1) | Additions/ adjustments during the year | Impairment | Deductions/ adjustments during the year | Total as at 31st March, 2011 | As at 31st March, 2011 (1) | As at 31st March, 2010 |
| Land | | | | | | | | | | | | | |
| (a) Freehold | - | 17.32 | 1.60 | - | 18.92 | - | - | - | - | - | - | 18.92 | - |
| (b) Leasehold | - | 204.26 | - | - | 204.26 | - | 0.23 | - | - | - | 0.23 | 204.03 | - |
| Buildings | | | | | | | | | | | | | |
| (a) Factory | - | 199.35 | 11.04 | - | 210.39 | - | 33.69 | 6.17 | - | - | 39.86 | 170.53 | - |
| (b) Others | - | 48.34 | - | - | 48.34 | - | 1.66 | 0.83 | - | - | 2.49 | 45.85 | - |
| Plant & Machinery (2) | - | 954.11 | 131.08 | - | 1,085.19 | - | 446.52 | 46.42 | - | - | 492.94 | 592.25 | - |
| Vehicles | - | 1.45 | - | 0.03 | 1.42 | - | 1.36 | - | - | 0.01 | 1.35 | 0.07 | - |
| Office Equipments | - | 17.88 | 0.97 | 0.59 | 18.26 | - | 7.23 | 2.77 | - | 0.33 | 9.67 | 8.59 | - |
| Furniture & Fixtures | - | 13.50 | 1.45 | 0.15 | 14.80 | - | 5.32 | 1.34 | - | 0.05 | 6.61 | 8.19 | - |
| **TOTAL** | **-** | **1,456.21** | **146.14** | **0.77** | **1,601.58** | **-** | **496.01** | **57.53** | **-** | **0.39** | **553.15** | **1,048.43** | **-** |
| Previous Year | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Capital Work in Progress, Capital Advances & Project Expenses Pending Capitalization | | | | | | | | | | | | 96.59 | - |
| | | | | | | | | | | | | **1,145.02** | - |

**Notes:**

1) Values as per Scheme of Amalgamation and Demerger Scheme (Refer Note-2 of schedule 'N').

2) Includes Plant & Machinery in relation to discontinuing business.

# SCHEDULES FORMING PART OF THE BALANCE SHEET

(₹ in million)

| As at 31st March, | | | 2011 | 2010 |
|---|---|---|---|---|
| **F. INVESTMENTS : (At Cost)** | | | | |
| **Number** | **Face value per unit** | **All unquoted unless otherwise specified** | | |
| | | **Trade Investments (Long Term)** | | |
| | | **In Subsidiary Companies** | | |
| | | **A) Fully paid Equity Shares** | | |
| 50,000 | ₹10 | - Jubilant Agri & Retail Private Ltd. | 0.50 | - |
| (-) | | *(formerly known as Canonical Infotech Solution Private Ltd.)* | | |
| | | **Non Trade Investments** | | |
| 448 | ₹10 | Voith Paper Fabrics India Ltd. -Equity Shares fully paid up (Quoted) | 0.08 | - |
| (-) | | | | |
| 530 | ₹10 | Minerva Holding Ltd. -Equity Shares fully paid up (2) | - | - |
| (-) | | | | |
| 132 | ₹100 | Kashipur Holdings Ltd. -Equity Shares fully paid up (2) | - | - |
| (-) | | | | |
| | | **Current Investments** | | |
| | | **Investment in Mutual Fund** | | |
| 91,332.83 | ₹10 | LIC MF Liquid Fund -Growth Plan | 1.64 | - |
| (-) | | | | |
| | | | 2.22 | - |
| | | Aggregate NAV of Current Investments | 1.64 | - |
| | | Aggregate amount of unquoted Investments | 0.50 | - |
| | | Aggregate amount of quoted investments | | |
| | | - cost | 0.08 | - |
| | | - market value | 0.10 | - |

Notes:

(1) During the year, the following investment (non trade) was purchased and sold:

(i) 11,934,127.87 units of LIC mutual fund - liquid fund - growth plan at cost of ₹210 million. (Previous year ₹ Nil).

(2) Shares were received free of cost under the scheme of Arrangement approved by the Hon'ble High Court of Allahabad.

(3) Figures in () are in respect of previous year.

# SCHEDULES FORMING PART OF THE BALANCE SHEET

(₹ in million)

| As at 31st March, | 2011 | 2010 |
|---|---|---|
| **G. CURRENT ASSETS, LOANS AND ADVANCES** | | |
| **Current Assets** | | |
| **Inventories: (Including in transit and with third parties)** | | |
| - Raw Materials (1) | 392.84 | - |
| - Stores, Spares, Process Chemicals, Fuels & Packing Material (2) | 84.12 | - |
| - Process Stocks | 186.63 | - |
| - Finished Goods (including Trading Goods) | 297.58 | - |
| | 961.17 | - |
| **Sundry Debtors** | | |
| **Unsecured** | | |
| - Over Six Months - Good (3) | 145.40 | - |
| - Doubtful | - | - |
| - Other Debts - Good (3) | 616.41 | - |
| | 761.81 | - |
| Less: Provision for Doubtful Debts | - | - |
| | 761.81 | - |
| **Cash & Bank Balances** | | |
| - Cash in hand and as Imprest | 1.01 | - |
| - With Scheduled Banks | | |
| - On Current Accounts | 60.93 | 0.40 |
| - On Deposit Accounts (4) | 302.08 | - |
| | 364.02 | 0.40 |
| **Loans And Advances** | | |
| **(Unsecured, Considered good)** | | |
| - Inter Corporate Loans (including interest accrued) | 411.45 | - |
| - Advances recoverable in cash or in kind or for value to be received (5) | 181.13 | - |
| - Deposits | 8.43 | - |
| - Deposits/Balances with Excise/Sales Tax Authorities | 74.64 | - |
| - Deposits/Balances with Customs | 4.50 | - |
| | 680.15 | - |
| | 2,767.15 | 0.40 |

**Notes:**

(1) Includes Raw Material in Transit of ₹55.20 million. (Previous year ₹ Nil).

(2) Includes Stores, Spares, Process Chemicals, Fuels & Packing Material in Transit of ₹2.86 million. (Previous year ₹ Nil).

(3) Includes, Subsidy receivable: a) Due over six months - ₹87.15 million. (Previous year ₹ Nil).
b) Others - ₹121.65 million (Previous year ₹ Nil).

(4) Includes, Margin Money - ₹2 million (Previous year ₹ Nil).

(5) Includes ₹32.50 million (Previous year ₹ Nil) Export Benefits Receivables.

(₹ in million)

| As at 31st March, | 2011 | 2010 |
|---|---|---|
| **H. CURRENT LIABILITIES AND PROVISIONS** | | |
| **A) Current Liabilities** | | |
| Sundry Creditors and Expenses Payable | | |
| - Due to Micro, Small & Medium Enterprises (Refer Note-5 of Schedule "N") | - | - |
| - Others | 730.18 | - |
| Trade Deposits & Advances | 69.19 | - |
| Other Liabilities | 20.63 | - |
| | 820.00 | - |
| **B) Provisions** | | |
| For Dividends on Equity Shares (Including Dividend Distribution Tax) | 27.94 | - |
| For Income Tax & Wealth Tax | 65.43 | - |
| For Retirement/Post Retirement Employee Benefits | 73.31 | - |
| For Others | 0.93 | - |
| | 167.61 | - |
| **Total (A+B)** | 987.61 | - |

# SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

(₹ in million)

| For the year ended 31st March, | 2011 | 2010 |
|---|---|---|
| **I. SALES & SERVICES** | | |
| Sales | 5,768.44 | - |
| Manufacturing Services (Refer Note - 10 of Schedule "N") | 22.32 | - |
| | 5,790.76 | - |

(₹ in million)

| For the year ended 31st March, | 2011 | 2010 |
|---|---|---|
| **J. OTHER INCOME** | | |
| Income from Current Investments (Non-Trade) - Dividend | 1.45 | - |
| Profit on Sale of Trade Investments | 1.66 | - |
| Miscellaneous Receipts (1) | 22.34 | 0.10 |
| | 25.45 | 0.10 |

**Notes:**

(1) Includes: a) Income from Services provided ₹2.03 million (Tax Deducted at source ₹0.05 million) (Previous year ₹ Nil).

b) Interest ₹19.06 million (previous year ₹ Nil) TDS thereon ₹2.54 million (Previous year ₹ Nil).

(₹ in million)

| For the year ended 31st March, | | 2011 | 2010 |
|---|---|---|---|
| **K. INCREASE/(DECREASE) IN STOCKS** | | | |
| Stock at close | - Process | 186.63 | - |
| Stock at close | - Finished | 297.58 | - |
| | | 484.21 | - |
| Stock at commencement | - Process** | 144.17 | - |
| Stock at commencement | - Finished** | 490.20 | - |
| | | 634.37 | - |
| Increase/(Decrease) in Stocks | | (150.16) | - |
| Less: (Increase) Decrease of Finished & Process Stock of IMFL Business | | 15.48 | - |
| (Refer Note - 10 of Schedule "N") | | (134.68) | - |

**** Taken over as per Scheme of Amalgamation & Demerger (Scheme)**

# SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

(₹ in million)

| For the year ended 31st March, | 2011 | 2010 |
|---|---|---|
| **L. MANUFACTURING AND OTHER EXPENSES** | | |
| Purchases - Traded Goods | 60.04 | - |
| Raw & Process Materials Consumed | 3065.96 | - |
| Power and Fuel | 168.20 | - |
| Excise Duty (1) | 6.42 | - |
| Stores, Spares, Chemicals & Packing Materials Consumed | 349.59 | - |
| Processing Charges | 1.27 | - |
| Repairs - Plant & Machinery | 56.59 | - |
| - Buildings | 10.19 | - |
| Salaries, Wages, Bonus, Gratuity & Allowances | 383.68 | - |
| Contribution to Provident & Superannuation Fund | 23.48 | - |
| Staff Welfare Expenses | 21.73 | - |
| Rent | 24.61 | - |
| Rates & Taxes | 7.71 | - |
| Insurance | 7.97 | - |
| Advertisement, Publicity & Sales Promotion | 33.84 | - |
| Traveling & Other Incidental Expenses | 59.18 | - |
| Office Maintenance | 31.02 | - |
| Vehicle Running & Maintenance | 3.21 | - |
| Printing & Stationery | 4.67 | - |
| Communication Expenses | 7.88 | - |
| Staff Recruitment & Training | 8.02 | - |
| Auditors Remuneration - As Auditors | 0.50 | - |
| - For Taxation Matters | 0.13 | - |
| - For Certification/Limited Review | 0.47 | - |
| Legal, Professional & Consultancy Charges | 31.19 | - |
| Freight & Forwarding (including Ocean freight) | 320.51 | - |
| Directors' Sitting Fees | 0.23 | - |
| Directors' Commission | 0.52 | - |
| Miscellaneous Expenses | 4.95 | 0.20 |
| Financial Charges (includes Foreign Exchange Fluctuation gain of ₹3.06 million and Bank Charges) (Previous year ₹ Nil) | 9.64 | - |
| Discounts & Claims to Customer and Other Selling Expenses (2) | 194.90 | - |
| Commission on Sales | 28.40 | - |
| Loss/(Gain) on sale/disposal/discard of Fixed Assets | 0.11 | - |
| Loss/(Gain) on sale of Raw Materials | (2.24) | - |
| Bad Debts/irrecoverable Advances & receivables written off/provided for (Net of amount written off - ₹27.91 million adjusted against Provision) (Previous year ₹ Nil) | 37.83 | - |
| | 4,962.40 | 0.20 |

**Notes:**

(1) Excise duty expense denotes provision on stock differential and other claims/payment.

(2) Includes Prior Period adjustments amounts ₹4.00 million (Previous year ₹ Nil)

(₹ in million)

| For the year ended 31st March, | 2011 | 2010 |
|---|---|---|
| **M. INTEREST** | | |
| On Overdrafts | 2.81 | - |
| Others | 3.83 | - |
| | 6.64 | - |

# NOTES TO THE ACCOUNTS

## N. NOTES TO THE ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES

**Notes to the Balance Sheet as at 31st March, 2011 and Profit & Loss Account for the year ended on that date.**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Preparation of Financial Statements**

The accounts of the Company are prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India and comply with the mandatory accounting standards notified under the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956. The Financial statements are presented in Indian Rupees rounded off to the nearest million.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the results of operations during the reporting periods. Examples of such estimate include future obligations under employee retirement benefit plans, income taxes, useful life of fixed assets and provision for doubtful debts, etc. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could vary from these estimates. Appropriate changes in estimates are made as the management becomes aware of the changes in circumstances surrounding the estimates. Any revision to accounting estimates is recognized in the period in which such results are known/materialized. Effect of such material changes is disclosed in the notes to the financial statements.

**B. a) Fixed Assets and Depreciation**

i) Fixed Assets are stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and accumulated impairment. The cost of fixed assets includes effects of exchange differences on long term foreign currency borrowings, freight and other incidental expenses related to the acquisition, installation and commissioning of the respective assets. Borrowing costs directly attributable to fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized. In case of fixed assets acquired at the time of amalgamation of certain entities with Company, the same are recognized at book value in case of amalgamation in the nature of merger and at book/fair value in case of amalgamation in the nature of purchase in line with AS 14.

Insurance spares/standby equipments are capitalized as part of the mother assets and are depreciated at the applicable rates, over the remaining useful life of the mother assets.

Interest on loans and other financial charges in respect of qualifying assets and expenditure incurred on start up and commissioning of the project and/ or substantial expansion, including the expenditure incurred on test runs and trial runs (net of trial run receipts, if any) up to the date of commencement of commercial production are capitalized.

ii) Depreciation is provided on Straight Line Method at rates mentioned and in the manner specified in Schedule XIV to the Companies Act, 1956 (as amended), on the original cost/acquisition cost of assets and read with the statement as mentioned herein under. Certain plants were classified as continuous process plants based on technical assessment, (relied upon by the auditors being a technical matter) and depreciation on such assets has been provided accordingly.

Depreciation, in respect of assets added/installed up to 15th December, 1993, is provided at the rates applicable at the time of addition/installation of the assets as per Companies Act, 1956 and depreciation in respect of other assets added/installed during the subsequent period is provided at the rates mentioned in Schedule XIV to the Companies Act, 1956 read with Notification dated 16th December, 1993 issued by Department of Company Affairs, Government of India except for the following classes of fixed assets which are depreciated over the useful life estimated as under:

a. Computer & Information Technology related assets: Three to Five Years.

b. Certain Employee perquisite-related Assets: Five Years, being the period of the Perquisite Scheme.

c. Motor Vehicles: Five Years.

The depreciation rates so arrived at are not lower than the rates prescribed in Schedule XIV to the Companies Act, 1956.

Depreciation on assets added/disposed off during the year has been provided on pro-rata basis with reference to the month of addition/disposal.

Depreciation on assets of discontinuing business is provided only up to the date when the decision to discontinue the business is approved by the Board of Directors of the Company.

# NOTES TO THE ACCOUNTS

**b) Intangible Assets**

Research costs are expensed as incurred and presented under the natural heads of expenditure.

Product development costs are expensed when it is unlikely that such assets will generate future economic benefits that are attributable to the assets will flow to the enterprises and the cost of the assets can be measured reliably.

**c) Leased Assets**

i) Leasehold Land value is not amortized in view of the long term tenure of the un-expired lease period/option of conversion to freehold at the expiry of lease tenure.

ii) **Other Lease Assets**: In respect of operating leases, lease rentals are charged to Profit & Loss Account.

**C. Valuation of Inventories**

Inventories are valued at lower of cost or net realizable value except scrap, which is at net estimated realizable value.

The methods of determining cost of various categories of inventories are as follows:

| | |
|---|---|
| Raw Materials | Weighted Average Method |
| Stores & Spares | Weighted Average Method |
| Work-in-process and Finished Goods (Manufactured) | Variable Cost at weighted average including an appropriate share of variable and fixed production overheads. |
| Finished Goods (Traded) | Actual Cost of Purchase |
| Goods-in-transit | Actual Cost of Purchase |

Cost includes all direct costs, cost of conversion and appropriate portion of variable and fixed production overheads and such other costs incurred as to bring the inventory to its present location and condition inclusive of excise duty wherever applicable.

**D. Investments**

Long term quoted investments (non trade) if any, are valued at cost unless there is a decline, other than temporary, in their value as at the date of Balance Sheet.

Unquoted investments including investments in subsidiary being of long term and of strategic in nature are valued at cost and no loss is recognized for the fall, if any, in their net worth, unless the diminution in value is other than temporary.

Current investments are valued at lower of cost and fair value.

**E. Income Tax**

**Current Tax**

Current Tax expenses is based on the provisions of Income Tax Act, 1961 and judicial interpretations thereof as at the Balance Sheet date and takes into consideration various deductions and exemptions to which the Company is entitled to as well as the reliance placed by the Company on the legal advices received by it. Provision for current income taxes and advance taxes arising in the same jurisdiction are presented in the Balance Sheet after offsetting on an assessment year basis.

**Deferred Tax**

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each Balance Sheet date and are written-down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized. The Company offsets deferred tax assets and deferred tax liabilities relating to taxes on income levied by the same governing tax authorities.

**F. Foreign Currency Conversions/Translation**

**(i) Initial Recognition:** Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on/or closely approximating to the date of the transaction.

**(ii) Conversion:** Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of

# NOTES TO THE ACCOUNTS

the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

**(iii) Exchange Difference**: Exchange differences arising on the settlement of monetary items or on reporting such monetary items of the Company at rates different from those at which they were initially recorded during the year or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

**G. Provisions, Contingent Liability and Contingent Assets**

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed in respect of possible obligations that may arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent Assets are not recognized/disclosed. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet Date.

**H. Employee Benefits**

**(i) Short-term Employee Benefits:** All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits, which include benefits like salaries, wages, short-term compensated absences, variable pay etc. and are recognized as expenses in the period in which the employee renders the related service.

**(ii) Post-employment benefits:** Post employment benefit plans are classified into defined contribution plans and defined benefits plans in line with the requirements of AS 15 on "Employee Benefits".

- **Gratuity and Leave encashment**

Gratuity and leave encashment which are defined benefits are recognized in the Profit and Loss Account based on actuarial valuation using projected unit credit method as at Balance Sheet date by an independent actuary. Actuarial gains and losses arising from the experience adjustment and change in actuarial assumption are immediately recognized in the Profit and Loss account as income or expense. The gratuity liability for certain employees of one of the units of the Company is funded with Life Insurance Corporation of India.

- **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 Profit and Loss Account.

- **Provident Fund**

**i)** The Company makes contribution to the "VAM EMPLOYEES' PROVIDENT FUND TRUST" for most of its employees, which is a defined benefit plan to the extent that the Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The Company's obligation in this regard is actuarially determined and provided for if the circumstances indicate that the Trust may not be able to generate adequate returns to cover the interest rates notified by the Government. The Company's contribution towards Provident Fund is charged to Profit and Loss Account.

**ii)** For other employees, Provident Fund is deposited with Regional Provident Fund Commissioner. This is treated as defined contribution plan. Company's contribution to the Provident Fund is charged to Profit & Loss Account.

**iii)** Other Long Term Employee Benefits: All employee benefits (other than post-employment benefits and termination benefits) which do not fall due wholly within twelve months after the end of the period in which the employees render the related services are determined based on actuarial valuation carried out at each Balance Sheet date.

**I. Borrowing Cost**

Borrowing costs including incidental/ ancillary costs are recognized in the Profit and Loss Account in the period in which it is incurred, except where the cost is incurred for acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use in which case it is capitalized up to the date the assets are ready for their intended use. Ancillary costs incurred in connection with the

# NOTES TO THE ACCOUNTS

arrangement of borrowings are amortized over the period of such borrowings.

**J. Revenue Recognition**

Revenue from sale of products is recognized when the significant risks and rewards of ownership of the products have been transferred to the buyer, recovery of the consideration is probable and the amount of revenue can be measured reliably. Revenues include excise duty and are shown net of sales tax and value added tax, if any. Revenue in respect of fertilizer is inclusive of subsidy being disbursed by the Central Government of India. The subsidy amount is recognized based upon the latest notified rates.

Revenue from contract manufacturing is recognized on completed service contract method.

Dividend income is recognized when the right to receive the income is established. Income from interest on deposits, loans and interest bearing securities is recognized on time proportionate method.

Any sale for which Company has acted as an agent without assuming the risk and reward of the ownership have been reported on receipt-basis.

Export incentives/benefits are accounted for on accrual basis in the year in which exports are made and are included in sales .

**K. Segment Reporting**

The accounting policies adopted for segment reporting are in line with accounting policies of the Company. Revenue, Expenses, Assets and Liabilities have been identified to segments on the basis of their relationship to operating activities of the segments (taking in account the nature of products and services and risks & rewards associated with them) and Internal Management Information Systems and the same is reviewed from time to time to realign the same to conform to the Business Units of the Company. Revenue, Expenses, Assets and Liabilities, which are common to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been treated as “Common Revenue/Expenses/ Assets/Liabilities”, as the case may be.

**L. Earnings Per Share**

The basic earnings per share is calculated by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit after tax during the year and the weighted average number of shares outstanding during the year are adjusted for the effect of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the year unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Anti dilutive effect of any potential equity shares is ignored.

**M. Impairment of Fixed Assets**

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the assets belongs is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss Account.

An assessment is also done at each balance sheet date whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased. If any, such indications exists, the asset’s recoverable amount is estimated. The carrying amount of the fixed asset is increased to the revised estimate of its recoverable amount but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in previous periods. A reversal of impairment loss is recognized in the profit and loss account.

**2.** During the year a Scheme of Amalgamation and Demerger (Scheme) among Jubilant Life Sciences Limited (JLL) (formerly Jubilant Organosys Limited), Speciality Molecules Ltd., Pace Marketing Specialities Ltd. and Jubilant Industries Limited (Company) (formerly Hitech Shiksha Limited) became effective on 15th November, 2010. Under the Scheme, the Agri and Performance Polymer Business of JLL has been demerged and vested into the Company on 1st April, 2010. Upon Demerger, the shareholders of JLL received one equity share of ₹10 each of Company for every 20 equity shares of ₹1 each held in the JLL.

# NOTES TO THE ACCOUNTS

From the demerger appointed date, i.e. 1st April, 2010 till the scheme becoming effective, the operations of Company were run by JLL, for and on behalf of Company, on trust and the economic benefits attributable to the Company have been passed on to it, in terms of the said scheme. Since the economic benefits under the scheme have accrued from appointed date, the equity shares issued pursuant to the scheme have also been considered from the appointed date for the purpose of calculation of Earnings Per Share. The results for the year are after giving the effect of the scheme and accordingly, not comparable with previous year.

**3. Capital Commitments**

Estimated amount of contracts remaining to be executed on Capital Account (Net of Advances) ₹46.03 million (Previous Year : ₹ Nil) [Advances ₹ Nil (Previous Year: ₹ Nil)].

**4. Contingent Liabilities**

a) Claims/Demands in respect of which proceeding or appeals are pending and are not acknowledged as debts on account of:

(₹ in million)

| As at 31st March, | 2011* | 2010 |
|---|---|---|
| Central Excise | 11.41 | - |
| Customs | 114.87 | - |
| Sales Tax | 21.74 | - |
| Service Tax | 16.10 | - |
| Others | 103.60 | - |

*Inclusive of Contingent Liabilities taken over in term of the Amalgamation & Demerger Scheme. Certain of the above demands are still in the name of Jubilant Life Sciences Limited (formerly Jubilant Organosys Limited)

b) In respect of Single Super Phosphate (SSP), the Trade Tax Assessing officer of Rajasthan State, has assessed the Gypsum Content of SSP and held that the same is liable to trade tax, though, there is no tax on fertilizer for the period 1st April, 2002 to 31st December, 2007 and raised a demand of ₹34.45 million. The same is being contested before Hon'ble Allahabad High Court by Jubilant Life Sciences Limited but any possible liability will flow to the Company.

c) Outstanding guarantees furnished by Banks on behalf of the Company/by the Company including in respect of Letters of Credit is ₹692.16 million (Previous Year: ₹ Nil).

d) Export Obligations under Advance License Scheme/Duty Free Import Authorization Scheme on duty free import of specific raw materials, remaining outstanding is ₹10.74 million (Previous Year: ₹ Nil).

**5. Micro and Small Business Entities**

There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2011. The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) has been determined to the extent such parties have been identified on the basis of information available with the Company.

(₹ in million)

| As at 31st March, | 2011 | 2010 |
|---|---|---|
| Principle Amount Payable to Suppliers | - | - |
| Amount of Interest Paid by the Company in terms of Section 16 of the MSMED, along with the amount of the Payment made to the Supplier beyond the appointed day during the Accounting Year | - | - |
| Amount of Interest Due and Payable for the period of delay in making Payment (which have been paid beyond appointed day during the year) but without adding the interest specified under the MSMED | - | - |
| Amount of interest accrued and remaining unpaid at the end of the accounting year | - | - |

**6.** Certain Employees of the Company, who were previously employed with Jubilant Life Sciences Limited (formerly Jubilant Organosys Limited) and whose service were transferred to this Company in term of the Scheme of Amalgamation & Demerger (2010) and were entitled to Employee Stock Option Scheme (ESOP) 2005 of Jubilant Life Sciences Limited, are entitled to certain number of shares of the Company which shall be transferred by the "Jubilant Employee Welfare Trust" (the Trust) as per the said scheme. Such transfer of shares by the Trust has no financial implication in the financial books of the Company.

**7.** The Company's significant operating lease arrangements are in respect of premises (residential, offices, godowns 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 have been charged as expenses ₹24.61 million (Previous Year: ₹ Nil) during the year. These lease agreements do not have contingent/price escalation clause.

# NOTES TO THE ACCOUNTS

**8.** In line with the applicable accounting policies of the Company, during the year, preoperative expenses including trial run expenses (net) for projects and/or substantial expansions amounting to ₹6.80 million (Previous Year: ₹ Nil) have been capitalized/pending capitalization up to the date of commencement of commercial production. The said expenditure (net of trial run receipts), so capitalized are accumulated as Capital work in progress and have been allocated to respective Fixed Assets to the extent fixed assets were put to use and balance is appearing in Capital work in progress.

**9.** Deferred Tax Assets and Liabilities are attributable to the following items:

(₹ in million)

| As at 31st March, | 2011 | 2010 |
|---|---|---|
| **Deferred Tax Assets** | | |
| Provision for Leave Encashment and Gratuity | 23.79 | - |
| Others | 3.18 | - |
| **TOTAL** | **26.97** | **-** |
| **Deferred Tax Liabilities** | | |
| Accelerated Depreciation/ Amortization | 110.96 | - |
| **TOTAL** | **110.96** | **-** |
| **Deferred Tax Liabilities (Net)** | **83.99** | **-** |

**10.** The bottling unit of the Company situated at Nira holds a potable liquor license for Indian Made Foreign Liquor (IMFL) and the same is bottling IMFL on the order of another Company and is charging bottling fee. These financial statements recognize Revenue and Expenditure, only to the extent the Company enjoys beneficial interest. In Compliance with the requirements of Schedule VI to the Companies Act, 1956, the following information is given hereunder in respect of the transactions where the Company does not enjoy beneficial interest:

(₹ in million)

| As at 31st March, | 2011 | 2010 |
|---|---|---|
| Sales | 383.39 | - |
| Excise Duty | (70.86) | - |
| Other Income | 4.35 | - |
| Increase/(Decrease) in Finished & Process Stocks | (15.48) | - |
| Raw & Process Materials Consumed | (97.75) | - |
| Stores, Spares, Chemicals, Catalyst & Packing Material Consumed | (151.06) | - |
| Other Expenses | (30.27) | - |

Presently the bottling operations are still in the name of Jubilant Organosys Limited, presently known as Jubilant Life Sciences Limited, pending transfer of liquor license in favour of the Company.

**11.** Disclosure required by Accounting Standard 29 (AS-29) "Provisions, Contingent Liabilities and Contingent Assets"

**Movement in Provisions**

(₹ in million)

| Particulars of Disclosure | Excise Duty | Provision for Bad and Doubtful Debts |
|---|---|---|
| Opening on account of Scheme of Amalgamation and Demerger | 20.79<br>(-) | 27.91<br>(-) |
| Additional Provision During 2010-2011 | 13.01<br>(-) | -<br>(-) |
| Provision used During 2010-2011 | 20.79<br>(-) | 27.91<br>(-) |
| Provision reversed During 2010-2011 | -<br>(-) | -<br>(-) |
| Balance As at 31st March, 2011 | 13.01<br>(-) | -<br>(-) |

Provision for Excise Duty represents the excise duty on closing stock of finished goods and also in respect of written off/provision of write down of Inventory.

**12.** Foreign Currency exposure not hedged by derivative instrument are as under:

| As at 31st March, | Amount (Foreign Currency in million) | |
|---|---|---|
| | 2011 | 2010 |
| Amount Receivable on account of Sale of Goods & Services | USD 1.67 | - |
| | EURO 0.56 | - |
| Amount Payable on account of Purchase of Goods | USD 3.75 | - |

**13. Discontinuing Operations:**

The Board of Directors of the Company had decided to discontinue its operation relating to Application Polymer Division in February, 2011 and to realise the assets and pay off its liabilities in due course.

The carrying amounts as of 31st March, 2011, of the total assets relating to the discontinuing operations aggregate to ₹72.09 million (Previous Year: ₹ Nil) and the total liabilities to be settled relating to the discontinuing operations aggregate to ₹38.17 million (Previous Year: ₹ Nil). In the opinion of the Company the assets and liabilities will have a value on realization in the ordinary course of business that are at least equal to the amounts at which they are stated in the Balance Sheet.

# NOTES TO THE ACCOUNTS

The net cash flows attributable to operating, investing and financing activities of the discontinuing operations during the current year aggregated to ₹ (36.83) million (Previous Year: ₹ Nil), ₹ Nil (Previous Year: ₹ Nil) and ₹ Nil (Previous Year: ₹ Nil) respectively.

**Statement showing the revenue and expenses of continuing and discontinuing operation:**

(₹ in million)

| For the year ended 31st March, | 2011 | | | 2010 | | |
|---|---|---|---|---|---|---|
| Particulars | Continuing Operations | Discontinuing Operations (APD) | Total | Continuing Operations | Discontinuing Operations (APD) | Total |
| **Revenue** | | | | | | |
| Sales/Income from Operations | 5205.96 | 333.94 | 5539.90 | - | - | - |
| Other Income | 24.95 | 0.50 | 25.45 | 0.10 | - | 0.10 |
| **Total Revenue** | **5230.91** | **334.44** | **5565.35** | **0.10** | **-** | **0.10** |
| Operating Expenses (including impairment loss of ₹ 6.79 million (Previous Year: ₹ Nil) | 4741.34 | 413.27 | 5154.61 | 0.20 | - | 0.20 |
| **Pre Tax Profit/(Loss) from Operating Activities** | **489.57** | **(78.83)** | **410.74** | **(0.10)** | **-** | **(0.10)** |
| Interest Expenses | 6.64 | - | 6.64 | - | - | - |
| Tax Expenses/(Tax Credit) | 139.71 | (21.69) | 118.02 | - | - | - |
| **Profit/(Loss) from Operating Activities After Tax** | **343.22** | **(57.14)** | **286.08** | **(0.10)** | **-** | **(0.10)** |

**14. Employees Benefits:**

During the year the Company has recognized the following amounts in the Profit & Loss Account:

**(A) Defined Contribution Plans**

a) Superannuation Fund

(₹ in million)

| For the year ended 31st March, | 2011 | 2010 |
|---|---|---|
| Employers Contribution to Superannuation Fund | 3.18 | - |

**(B) State Plans**

a) Employee State Insurance

b) Employee's Pension Scheme, 1995

(₹ in million)

| For the year ended 31st March, | 2011 | 2010 |
|---|---|---|
| Employers Contribution to Employee State Insurance | 1.20 | - |
| Employers Contribution to Employee's Pension Scheme, 1995 | 4.02 | - |

**(C) Defined Benefit Plan**

**a) Compensated Absences Gratuity**

In accordance with Accounting Standard 15, an actuarial valuation has been carried out in respect of gratuity and compensated absences. The discount rate assumed is 8.30 % which is determined by reference to market yield at the Balance Sheet date on Government bonds. The retirement age has been considered at 58 years and mortality table is as per LIC (1994-96).

The estimates of future salary increases, considered in actuarial valuation 6.35% take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

# NOTES TO THE ACCOUNTS

**Reconciliation of opening and closing balances of the present value of the defined benefit obligation:**

(₹ in million)

| | Gratuity* | | Leave Encashment | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| Present Value of obligation at the appointed date of Scheme of Amalgamation & Demerger | 39.99 | - | 16.39 | - |
| Current Service Cost | 4.62 | - | 4.08 | - |
| Interest Cost | 3.31 | - | 1.36 | - |
| Actuarial (Gain)/Loss | 1.81 | - | 2.61 | - |
| Benefits Paid | - | - | (0.63) | - |
| Present Value of obligation at the end of the year | 49.73 | - | 23.81 | - |

**Reconciliation of the present value of defined benefit obligation and the fair value of the plan assets:**

(₹ in million)

| | Gratuity* | | Leave Encashment | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| Present Value of obligation at the end of the year | 49.73 | - | 23.81 | - |
| Fair value of plan assets at end of the year | - | - | - | - |
| Assets/(Liabilities) recognized in the Balance Sheet | (49.73) | - | (23.81) | - |

**Cost recognized for the year (included under Salaries, Wages, Allowances, Bonus & Gratuity):**

(₹ in million)

| | Gratuity* | | Leave Encashment | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| Current Service Cost | 4.62 | - | 4.08 | - |
| Interest Cost | 3.31 | - | 1.36 | - |
| Actuarial (Gain)/Loss | 1.81 | - | 2.61 | - |
| Net Cost recognized during the year | 9.74 | - | 8.05 | - |

*Excluding for certain employees of Sahibabad Unit.

**Reconciliation of opening and closing balances of the present value of the defined benefits obligation**:**

(₹ in million)

| | Gratuity | |
|---|---|---|
| | 2011 | 2010 |
| Present Value of obligation on account of Scheme of Amalgamation & Demerger | 5.19 | - |
| Current Service Cost | 0.31 | - |
| Interest Cost | 0.43 | - |
| Actuarial (Gain)/Loss | (0.53) | - |
| Benefits Paid | (1.44) | - |
| Present Value of obligation at the end of the year | 3.96 | - |

**Reconciliation of the present value of defined benefit obligation and the fair value of the plan assets**:**

(₹ in million)

| | Gratuity | |
|---|---|---|
| | 2011 | 2010 |
| Present Value of obligation at the end of the year | 3.96 | - |
| Fair value of plan assets at end of the year | 4.19 | - |
| Funded status excess of Actual over estimated | (0.04) | - |
| Assets/(Liabilities) recognized in the Balance Sheet | 0.23 | - |

**Cost recognized for the year (included under Salaries, Wages, Allowances, Bonus & Gratuity)**: (Funded with Life Insurance Corporation of India)**

(₹ in million)

| | Gratuity | |
|---|---|---|
| | 2011 | 2010 |
| Current Service Cost | 0.31 | - |
| Interest Cost | 0.43 | - |
| Actuarial (Gain)/Loss | (0.49) | - |
| Expected Return on Plan Assets | (0.44) | - |
| Net Cost recognized during the year | (0.19) | - |

**** In respect of certain employees of Sahibabad Unit**

# NOTES TO THE ACCOUNTS

**b) Provident Fund**

The Guidance on implementation of AS 15, Employee Benefits (Revised 2005) issued by Accounting Standard Board (ASB) states that benefits involving provident funds, which require interest shortfall to be compensated, are to be considered as defined benefit plans. The actuary has recommended a provision of ₹6.74 million towards liability likely to arise towards interest guarantee. The relevant Provident Fund Trust for the Company is managing common corpus of three companies. The total actuary liability of shortfall amounting to ₹6.74 million as worked out by the actuary has been allocated to each entity based on the corpus value of each entity as on 31st March, 2011. Accordingly, ₹0.93 million was allocated to the Company and has been charged to Profit and Loss account during the year. The Company has contributed ₹13.38 million to provident Fund (Previous Year: ₹ Nil) for the year.

**15. Segment Reporting**

i) Based on the guiding principles given in Accounting Standard 17 (AS-17) on "Segment Reporting", the Company's Primary Business Segments are organized around customers on industry and product lines as under:

a. Agri Products: (i) Single Super Phosphate and (ii) Agro Chemicals for Crop Products

b. Performance Polymers: (i) Food Polymer (Solid PVA), (ii) VP Latex and SBR Latex, (iii) Consumer Products (Application Polymer Products which was earlier part of this segment, Board of Directors of the Company had decided to discontinue its operation in February 2011 since the operation was not viable and the same has shown separately as Discontinuing Operation)

c. Others

d. Discontinuing Operation : Application Polymer Products discontinued in February, 2011 as referred above in 'b'

ii) In respect of Secondary Segment information, the Company has identified its Geographical Segments as:

a. With in India, and

b. Outside India

iii) **The Financial Information about the primary business segments is presented in the table given below:**

(₹ in million)

| | Particulars | Agri Products | | Performance Ploymers | | Others | | Discontinuing Operation | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| 1) | **Revenue** | 2,621.58 | - | 2777.94 | - | 22.32 | - | 368.92 | - | 5790.76 | - |
| | Less: Excise Duty on Sales | 8.27 | - | 207.61 | - | - | - | 34.98 | - | 250.86 | - |
| | **Net Sales** | **2613.31** | - | **2570.33** | - | **22.32** | - | **333.94** | - | **5539.90** | - |
| 2) | **Segments Result** | 273.63 | - | 294.17 | - | 5.94 | - | (78.83) | - | 494.91 | - |
| | Less : Interest (Net) | | | | | | | | | 6.64 | - |
| | Other Un-allocable Expenditure (net of Un-allocable Income) | | | | | | | | | 84.17 | 0.10 |
| | **Total Profit/(Loss) Before Tax** | **273.63** | - | **294.17** | - | **5.94** | - | **(78.83)** | - | **404.10** | **(0.10)** |
| 3) | **Capital Employed** (Segment Assets-Segment Liabilities) | | | | | | | | | | |
| | Segments Assets | 1331.49 | - | 1602.96 | - | 101.37 | - | 72.09 | - | 3107.91 | - |
| | Add: Common Assets | | | | | | | | | 806.48 | 0.40 |
| | **Total Assets** | **1331.49** | - | **1602.96** | - | **101.37** | - | **72.09** | - | **3914.39** | **0.40** |
| | Segments Liabilities | 227.28 | - | 510.18 | - | 78.05 | - | 38.17 | - | 853.68 | - |
| | Add: Common Liabilities | | | | | | | | | 133.93 | - |
| | **Total Liabilities** | **227.28** | - | **510.18** | - | **78.05** | - | **38.17** | - | **987.61** | - |
| | Segments Capital Employed | 1104.21 | - | 1092.78 | - | 23.32 | - | 33.92 | - | 2254.23 | - |
| | Add: Common Capital Employed | | | | | | | | | 672.55 | 0.40 |
| | **Total Capital Employed** | **1104.21** | - | **1092.78** | - | **23.32** | - | **33.92** | - | **2926.78** | **0.40** |
| 4) | **Segment Capital Expenditure** | 27.02 | - | 116.49 | - | 1.60 | - | - | - | 145.11 | - |
| | Add: Common Capital Expenditure | | | | | | | | | 1.03 | - |
| | **Total Capital Expenditure** | **27.02** | - | **116.49** | - | **1.60** | - | - | - | **146.14** | - |
| 5) | **Depreciation & Amortization (Net)** | 20.91 | - | 24.68 | - | 1.18 | - | 9.04 | - | 55.81 | - |
| | Add: Common Depreciation | | | | | | | | | 1.72 | - |
| | **Total Depreciation & Amortization** | **20.91** | - | **24.68** | - | **1.18** | - | **9.04** | - | **57.53** | - |

# NOTES TO THE ACCOUNTS

**iv) Secondary Segments (Geographical Segments):**

(₹ in million)

| | Particulars | 2011 | 2010 |
|---|---|---|---|
| a) | **Sales Revenue by Geographical Location of Customers (Net of Excise Duty)** | | |
| | Within India | 4912.29 | - |
| | Outside India | 627.61 | - |
| | **Total** | **5539.90** | **-** |
| b) | **Carrying Amount of Segment Assets** | | |
| | Within India | 3914.39 | - |
| | Outside India | - | - |
| | **Total** | **3914.39** | **-** |
| c) | **Capital Expenditure** | | |
| | Within India | 146.14 | - |
| | Outside India | - | - |
| | **Total** | **146.14** | **-** |
| d) | **Sales Revenue by Geographical Market** | | |
| | India | 4912.29 | - |
| | Americas & Europe | 298.64 | - |
| | China | 116.43 | - |
| | Asia & Others | 212.54 | - |
| | **Total** | **5539.90** | **-** |

**Notes:**

1) The Company has disclosed Business Segment as the Primary Segment.

2) Segments have been identified and reported taking into account the nature of products and services, the differing risk and returns, the organization structure and the internal financial reporting systems.

3) The Segment Revenues, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

**16. A. Related Party Disclosures**

**1) Related parties where control exists:**

**Subsidiaries:**

Jubilant Agri And Retail Private Limited (formerly Canonical Infotech Solutions Private Limited)

**2) Other Related parties with whom transactions have taken place during the year:**

a) **Key Management Personal:** Mr. Ananda Mukherjee.

b) **Enterprise in which Directors and Major Shareholders of the Company are interested:** Jubilant Life Sciences Limited (formerly Jubilant Organosys Limited), Jubilant Life Sciences (Shanghai) Ltd. China (formerly Jubilant Organosys (Shanghai) Ltd. China), Jubilant Life Sciences (USA) Inc. USA (formerly Jubilant Organosys (USA) Inc. USA.) Jubilant Enpro Private Limited.

c) **Others:** Pace Marketing Specialities Limited Officer's Superannuation Scheme (Trust). VAM Employees Provident Fund Trust, VAM Officers Superannuation Trust.

# NOTES TO THE ACCOUNTS

**3) Transactions with related parties during the year:**

(₹ in million)

| Particulars | Subsidiaries | Key Management Personnel | Enterprise in which Directors and Major Shareholders of the Company are interested | Others |
|---|---|---|---|---|
| Purchase of Raw Material, Finished Goods & Utilities (Note 2) | | | 350.11 (-) | |
| Sale of Goods, Utilities & Services (Note 3) | | | 45.76 (-) | |
| Current Account Dr Balance (Note 4) | | | 37.69 (-) | |
| Investments in Equity Share Capital (Note 5) | 0.40 (-) | | 0.10 (-) | |
| Receiving of Services from (Note 6) | | | 14.62 (-) | |
| Payment of Rent to (Note 7) | | | 15.90 (-) | |
| Contribution towards Provident Fund (Note 8) | | | | 11.64 (-) |
| Contribution towards Superannuation Fund (Note 9) | | | | 3.18 (-) |
| Remuneration and Related Expenses | | 6.05 (-) | | |

**Notes:**

1) Previous year figures are given in parenthesis.

2) Includes Purchase of Raw Material, Finished Goods & Utilities from Jubilant Life Sciences Limited (formerly Jubilant Organosys Limited) of ₹350.11 million (Previous Year: ₹ Nil).

3) Includes Sale of Goods, Utilities & Services to:

   - Jubilant Life Sciences (Shanghai) Ltd. China (formerly Jubilant Organosys (Shanghai) Ltd. China) of ₹2.72 million (Previous Year: ₹ Nil).
   - Jubilant Life Sciences (USA) Inc. USA (formerly Jubilant Organosys (USA) Inc. USA) of ₹10.56 million (Previous Year: ₹ Nil).
   - Jubilant Life Sciences Limited (Formerly Jubilant Organosys Limited) of ₹32.48 million (Previous Year: ₹ Nil).

4) Includes Current Account Dr Balance with Jubilant Life Sciences Limited (formerly Jubilant Organosys Llimited) of ₹37.69 million (Previous Year: ₹ Nil).

5) Includes investment in Equity Share Capital:

   - Equity Shares of Jubilant Agri And Retail (P) Ltd. (formerly Canonical Infotech Solutions (P) Ltd.) of ₹0.40 million (40,000 Equity Shares of ₹10/- each) had been purchased directly from Jubilant Agri And Retail (P) Ltd (formerly Canonical Infotech Solutions (P) Ltd.).
   - Equity Shares of Jubilant Agri And Retail (P) Ltd (formerly Canonical Infotech Solutions (P) Ltd.) of ₹0.10 million (10,000 Equity Shares of ₹10/- each) had been purchased from Jubilant Enpro (P) Limited.

6) Services received from Jubilant Life Sciences Limited (formerly Jubilant Organosys Limited) of ₹14.62 million (Previous Year: ₹ Nil).

7) Payment of Rent to Jubilant Life Sciences Limited (formerly Jubilant Organosys Limited) of ₹15.90 million (Previous Year: ₹ Nil).

8) Includes Contribution towards Provident Fund to VAM Employees Provident Fund Trust of ₹11.64 million (Previous Year: ₹ Nil).

9) Includes Contribution towards Superannuation Fund to VAM Officers Superannuation Trust of ₹1.36 million (Previous Year: ₹ Nil) and ₹1.82 million (Previous Year: ₹ Nil) to Pace Marketing Specialities Limited Officer's Superannuation Scheme (Trust).

# NOTES TO THE ACCOUNTS

16. B. **Promoter Group**

**Group companies**

The Company is controlled by Mr. Shyam S. Bhartia/ Mr. Hari S. Bhartia group ("the promoter group"), being a group as defined in the Monopolies and Restrictive Trade Practices Act, 1969.

The persons constituting the promoter group include individuals and corporate bodies who/which jointly exercise, and are in a position to exercise, control over the Company. The names of these individuals and bodies corporate are Ms. Kavita Bhartia, Mr. Priyavrat Bhartia, Mr. Shamit Bhartia, Jubilant Capital Private Limited, Jubilant Securities Private Limited, Jaytee Private Limited, Jubilant Retail Holding Private Limited, Vam Holdings Limited, Nikita Resources Private Limited, Torino Overseas Limited, Cumin Investments Limited, Rance Investments & Holdings Limited, Jubilant Infrastructure Limited, Jubilant Life Sciences Limited (formerly Jubilant Organosys Limited), Jubilant Foodworks Limited, Asia Healthcare Development Limited, Jubilant Clinsys Limited (formerly Clinsys Clinical Research Limited), Jubilant Biosys Limited, Jubilant Chemsys Limited, Jubilant First Trust Healthcare Limited, Jubilant DraxImage Limited (formerly Draximage India Limited), Jubilant Innovation (India) Limited, Cadista Holdings Inc., Jubilant Cadista Pharmaceuticals inc. (formerly Cadista Pharmaceuticals inc.), Colvant Sciences, Inc., Jubilant Life Sciences Holdings, Inc. (formerly Clinsys Holdings inc.), Jubilant Clinsys Inc. (formerly Clinsys Clinical Research, Inc.), HSL Holdings Inc., Hollister-Stier Laboratories LLC, DAHI LLC, Jubilant Life Sciences (USA) Inc. (formerly Jubilant Organosys (USA) Inc.), Draximage LLC, Jubilant Draximage (USA) Inc. (formerly DSPI Inc., USA), Deprenyl Inc., USA, Draxis Pharma LLC, Draxis Pharma Inc., Jubilant Discovery Services Inc., DAHI Animal Health (UK) Limited, Draximage (UK) Limited, Jubilant Pharma Pte. Limited, Jubilant Life Sciences International Pte. Limited (formerly Jubilant Organosys International Pte. Limited), Jubilant Biosys (Singapore) Pte. Limited, Jubilant Drug Development Pte. Limited, Jubilant Innovation Pte. Limited, Jubilant Life Sciences (Shanghai) Limited (formerly Jubilant Organosys (Shanghai) Limited), Draximage Limited, Cyprus, Draximage Limited, Ireland, Jubilant Pharma N.V., Jubilant Pharmaceuticals N.V., PSI supply N.V., Jubilant Innovation (BVI) Limited, Jubilant Life Sciences (BVI) Limited (formerly Jubilant Organosys (BVI) Limited), Jubilant Biosys (BVI) Limited, Jubilant DraxImage Inc. (formerly Draxis Specialty Pharmaceuticals Inc.), 6963196 Canada Inc., 6981364 Canada Inc., Jubilant Innovation (USA) Inc., Jubilant Bhartia Foundation, Jubilant Enpro Private Limited, Enpro Exports Private Limited, Enpro Oil Private Limited, Tower Promoters Private Limited, U C Gas & Engineering Limited, Asia Infrastructure Development Company Private Limited, Western Drilling Contractors Private Limited, Jubilant Realty Private Limited, Jubilant Properties Private Limited, India Country Homes Private Limited, Jubilant E & P Ventures Private Limited, Jubilant Retail Private Limited, Jubilant Motorworks Private Limited, Jubilant Retail Consolidated Private Limited, B & M Hot Breads Private Limited, GPS Stock Brokers Private Limited, Dyno Enpro Oil Field Chemicals Private Limited, Jubilant Oil and Gas Private Limited, Jubilant Offshore Drilling Private Limited, Jubilant Energy (Kharsang) Private Limited, Jubilant Energy (NEPL-V) Private Limited, Focus Brands Trading India Private Limited, and Jubilant Life Sciences (Switzerland) AG, Schaffhausen.

17. **Details of Remuneration to the Whole Time Director & other Directors Under Section 198 of the Companies Act, 1956 (w.e.f. 15th November, 2010 to 31st March, 2011):**

(₹ in million)

| For the year ended 31st March, | 2011 | 2010 |
|---|---|---|
| i) Salaries | 2.29 | - |
| ii) House Rent Allowances | 1.14 | - |
| iii) Contribution to Provident Fund | 0.27 | - |
| iv) Perquisite Value of other Benefits (including retirement benefits paid) | 2.35 | - |
| v) Commission to other Directors | *0.52 | - |
| | **6.57** | **-** |

The above excludes provision for gratuity/earned leave where Calculations are on overall Company basis.

**Calculation of Profit in accordance with Section 198 of the Companies Act, 1956 for the purpose of commission payable to directors:**

(₹ in million)

| For the year ended 31st March, | 2011 | 2010 |
|---|---|---|
| Profit before tax as per Profit & Loss Account | 404.10 | - |
| Add: Managerial Remuneration as above | 6.57 | - |
| Directors Sitting Fees | 0.23 | - |
| Depreciation as per Accounts | 57.53 | - |
| **Net Profit** | **468.43** | **-** |
| Less: Depreciation under Section 350 of the Companies Act, 1956 | 57.53 | - |
| Profit on Sale of Current Investment | 1.66 | - |
| Profit/(Loss) on Sale of Fixed Assets (Net) | (0.11) | - |
| **Net Profit in accordance with Section 198 (I)/349 of the Companies Act, 1956** | **409.35** | **-** |

*Maximum Commission @ 1% of Net Profit is payable to directors and restricted to ₹0.17 million (annualized ₹0.50 million) per director for three directors (prorate for the period to the directors appointed during the year) commission have been provided for.

# NOTES TO THE ACCOUNTS

**18. A. Capacities, Stocks, Production and Turnover:**

| S. No. | Class of Goods | Quantitative Denomination | Capacity* Installed | Opening Stock | | Production | Turnover | | Closing Stock | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Qty. | ₹ in million | Qty.@@ | Qty. | ₹ in million | Qty.## | ₹ in million |
| 1 | Polymers Including Co-polymers & VP Latex/ SBR Latex | MT | 65,200 (-) | 1,968 (-) | 126.32 (-) | 37,139 (-) | 35,418 (-) | 3,142.35 (-) | 2,417 (-) | 165.22 (-) |
| 2 | Single Superphosphate | MT | 429,000 (-) | 53,890 (-) | 321.81 (-) | 276,771 (-) | 314,395 (-) | 2,402.70 (-) | 16,202 (-) | 102.97 (-) |
| 3 | Sulphuric Acid | MT | 68,835 (-) | 490 (-) | 0.17 (-) | 59,911 (-) | 19,791 (-) | 118.74 (-) | 1,109 (-) | 1.97 (-) |
| 4 | Agri Chemicals | KL | - (-) | 165 (-) | 1.75 (-) | 779 (-) | 905 (-) | 24.17 (-) | 38 (-) | 0.36 (-) |
| 5 | IMFL | KBL | 10,800 (-) | 166 (-) | 21.47 (-) | 6,197 (-) | -** | -** (-) | 97 (-) | 5.41 (-) |
| 6 | Biocompost | MT | - (-) | 7,973 (-) | 4.74 (-) | 5,550 (-) | 9,812 (-) | 6.52 (-) | 3,711 (-) | 2.08 (-) |

*Under the Industrial Policy Statement dated 24th July, 1991 and the notifications issued there under, no licensing is required for the Company's products.

** Not our own production but for others on tolling basis.

## After effect of adjustments of shortage/excess/old obsolete inventory written off/provided for (Totaling to ₹8.49 million (Previous Year: ₹ Nil).

@@ Includes products manufactured by Contract Manufacturers on conversion basis wherever applicable.

**Notes:**

a) Closing Stock has been arrived at after considering Captive Consumptions.

b) Installed capacities are as certified by the Management, being a technical matter and relied upon by the Auditors accordingly.

c) V.P. Latex/SBR Latex installed Capacity is on Wet basis.

d) Agri chemicals production is on tolling basis.

e) Difference in quantitative tally represent materials damaged/obsolete/issue for sample etc.

f) Turnover includes subsidy/export incentives.

g) Includes quantities of discontinued business also.

**18. B. Particulars in respect of Trading goods**

| For the year ended 31st March, | | 2011 | | 2010 | |
|---|---|---|---|---|---|
| | | Quantity | ₹ in million | Quantity | ₹ in million |
| **i) Opening Stock** | | | | | |
| Agro Chemicals | KL | 225 | 13.03 | - | - |
| Organic Manure | MT | 137 | 0.26 | - | - |
| Biocompost | MT | - | - | - | - |
| Epoxy Putty | MT | 4 | 0.65 | - | - |
| **ii) Purchases** | | | | | |
| Agro Chemicals | KL | 814 | 57.53 | - | - |
| Organic Manure | MT | - | - | - | - |
| Biocompost | MT | 570 | 0.17 | - | - |
| Epoxy Putty | MT | 29 | 2.34 | - | - |
| **iii) Sales** | | | | | |
| Agro Chemicals | KL | 816 | 69.11 | - | - |
| Organic Manure | MT | - | - | - | - |
| Biocompost | MT | 570 | 0.34 | - | - |
| Epoxy Putty | MT | 28 | 4.51 | - | - |
| **iv) Closing Stock** | | | | | |
| Agro Chemicals | KL | 223 | 18.78 | - | - |
| Organic Manure | MT | 137 | 0.26 | - | - |
| Biocompost | MT | - | - | - | - |
| Epoxy Putty | MT | 5 | 0.53 | - | - |

# NOTES TO THE ACCOUNTS

**18. C. Raw Material Consumed**

| For the year ended 31st March, | UOM | 2011* | | 2010 | |
|---|---|---|---|---|---|
| | | Quantity | ₹ in million | Quantity | ₹ in million |
| Process Chemicals | MT | 8171 | 682.88 | - | - |
| Rock Phosphate | MT | 160248 | 1016.74 | - | - |
| Sulphur etc | MT | 82621 | 332.70 | - | - |
| Chemicals for Latex | MT | 3647 | 613.21 | - | - |
| Vinyl Acetate Monomer | MT | 8196 | 385.56 | - | - |
| Others (none of which individually account for more than 10% of total consumption) | MT | - | 34.87 | - | - |
| | | | **3065.96** | | - |

*Including inventory written off/write down provision (₹40.82 million).

**18. D. Value of imported and indigenous raw materials, stores and spares parts consumed and percentage thereof for the year**

| For the year ended 31st March, | 2011* | | 2010 | |
|---|---|---|---|---|
| | ₹ in million | % | ₹ in million | % |
| Consumption of Raw Materials | | | | |
| - Imported | 1267.76 | 41.35 | - | - |
| - Indigenous | 1798.20 | 58.65 | - | - |
| | **3065.96** | **100.00** | **-** | **-** |
| Consumption of Stores & Spare Parts | | | | |
| - Imported | - | - | - | - |
| - Indigenous | 349.59 | 100.00 | - | - |
| | **349.59** | **100.00** | **-** | **-** |

*Including out of stocks taken over on 15th November, 2010 in term of the scheme.

**18. E. Expenditure in foreign currency (on remittance basis)**

(₹ in million)

| For the year ended 31st March, | 2011 | 2010 |
|---|---|---|
| - Legal, Professional & Consultancy Charges | 0.06 | - |
| - Travel/Entertainment Expenses | 0.98 | - |
| - Commission on Export Sales | 1.62 | - |
| - Others (Incl. Product Liability Insurance of ₹ 2.92 million) | 4.42 | - |

Including remitted by Jubilant Life Sciences Limited (formerly Jubilant Organosys Limited) up to 14th November, 2010.

**18. F. Value of imports on C.I.F. basis**

(₹ in million)

| For the year ended 31st March, | 2011 | 2010 |
|---|---|---|
| - Raw Materials | 986.07 | - |

Including raw material imported by Jubilant Life Sciences Limited (formerly Jubilant Organosys Limited) up to 14th November, 2010.

**18. G. Earnings in Foreign Exchange**

(₹ in million)

| For the year ended 31st March, | 2011 | 2010 |
|---|---|---|
| - Export Sales (FOB Value) | 627.61 | - |

Including exports done by Jubilant Life Sciences Limited (formerly Jubilant Organosys Limited) up to 14th November, 2010.

**18. H. Earnings Per Share (EPS)**

| For the year ended 31st March, | | 2011 | 2010 |
|---|---|---|---|
| i. Profit Computation for Basic Earnings Per Share of ₹ 10/- each | | | |
| Net Profit as per Profit & Loss Account available for Equity Shareholders | ₹ in million | 286.08 | (0.10) |
| ii. Weighted average number of equity shares for Earnings Per Share computation | | | |
| (A) For Basic Earnings Per Share* | Nos. | 8014056 | 20000 |
| (B) For Diluted Earnings Per Share* | Nos. | 8014056 | 20000 |
| iii. Earnings Per Share (Weighted Average) | | | |
| Basic | ₹ | 35.70 | (6.01) |
| Diluted | ₹ | 35.70 | (6.01) |

# NOTES TO THE ACCOUNTS

*Includes 7,964,056 equity shares of ₹ 10 each are allotted and issued in pursuant to Scheme of Amalgamation & Demerger for consideration other than cash. In line with AS-20, as the economic benefit transferred to the Company w.e.f. 1st April, 2010, the EPS has been considered accordingly in line with AS-20, though shares were allotted on 27th November, 2010.

19. Previous Year's figures have been regrouped/rearranged wherever considered necessary and are not comparable for the reason set out in Note No. 2 here in above.

**Signatures to Schedule "A" to "N" forming part of the Balance Sheet and Profit and Loss Account.**

In terms of our review report of even date attached.

For and on behalf of the Board

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

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

**Hari S. Bhartia**
Chairman

Place : Noida
Date : 29th April, 2011

**Amit Khurana**
Company Secretary

**Sandeep Kr. Shaw**
Chief Financial Officer

**Ananda Mukherjee**
CEO & Whole Time Director

# Balance Sheet Abstract and Company's General Business Profile

**I. Registration Details:**

Registration No. 0 3 2 9 0 9 — State Code: 2 0

Balance Sheet Date: 3 1 (Date) 0 3 (Month) 2 0 1 1 (Year)

**II. Capital Raised During the Year (Amount in ₹ Thousands)***

| | | | |
|---|---|---|---|
| Public Issue | NIL | Rights Issue | NIL |
| Bonus Issue | NIL | Private Placement | NIL |

*No Capital was raised during the year in the above heads. However, 7,964,056 equity shares of ₹ 10/- each fully paid-up were allotted in Jubilant Industries Limited pursuant to Scheme of Amalgamation and Demerger amongst Jubilant Life Sciences Limited (Formerly Jubilant Organosys Ltd.), Speciality Molecules Limited, Pace Marketing Specialities Limited and Jubilant Industries Limited sanctioned by Hon'ble High Court of Allahabad vide its orders dated 28.10.2010 & 08.11.2010 for consideration other than cash.

**III. Position of Mobilization and Deployment of Funds (Amount in ₹ Thousands)**

| | | | |
|---|---|---|---|
| Total Liabilities: | 3914388 | Total Assets: | 3914388 |

**Sources of Funds**

| | | | |
|---|---|---|---|
| Paid-Up Capital: | 80141 | Reserves & Surplus: | 2720315 |
| Secured Loans: | 42331 | Unsecured Loans: | NIL |
| Deferred Tax Assets & Liabilities (Net): | 83992 | | |

**Application of Funds**

| | | | |
|---|---|---|---|
| Net Fixed Assets: | 1145017 | Investments: | 2215 |
| Net Current Assets: | 1779547 | Misc. Expenditure: | NIL |

**IV. Performance of Company (Amount in ₹ Thousands)**

| | | | |
|---|---|---|---|
| Turnover**: | 5565364 | Total Expenditure: | 5161267 |

**Includes other Income

| | + | - | | | + | - | |
|---|---|---|---|---|---|---|---|
| Profit/Loss Before Tax: | ✓ | | 40409 7 | Profit/Loss After Tax: | ✓ | | 286076 |

| | | | |
|---|---|---|---|
| Earning Per Share of ₹10 each (Basic) (₹): | 35.70 | Dividend Rate %: | 30 |

**V. Generic names of Principal Products/Services of Company (as per monetary terms)**

| Item Code No. (ITC Code) | Product Description |
|---|---|
| 31031.000 | SINGLE SUPERPHOSPHATES |
| 35069.190 | ADHESIVES |
| 40021.100 | VP LATEX |

In terms of our review report of even date attached.

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

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

Place : Noida
Date : 29th April, 2011

For and on behalf of the Board

**Hari S. Bhartia**
Chairman

**Amit Khurana**
Company Secretary

**Sandeep Kr. Shaw**
Chief Financial Officer

**Ananda Mukherjee**
CEO & Whole Time Director

# AUDITORS' REPORT

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF JUBILANT INDUSTRIES LIMITED (FORMERLY HITECH SHIKSHA LIMITED) ON THE CONSOLIDATED FINANCIAL STATEMENTS OF JUBILANT INDUSTRIES LIMITED AND ITS SUBSIDIARY

1. We have examined the attached Consolidated Balance Sheet of Jubilant Industries Limited (formerly Hitech Shiksha Limited) and its subsidiary namely Jubilant Agri And Retail Pvt. Ltd., (collectively referred to as "Group") as at 31st March, 2011, the Consolidated Profit and Loss Account for the year ended and annexed thereto and the consolidated Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with generally accepted auditing standards in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

3. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements, notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).

4. In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   a) In the case of the consolidated Balance Sheet, of the consolidated state of affairs of the "Group" as at 31st March, 2011;

   b) In the case of the consolidated Profit and Loss Account, of the consolidated results of operations of the "Group" for the year ended on that date; and

   c) In the case of the consolidated Cash Flow Statement, of the consolidated cash flows of the "Group" for the year ended on that date.

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

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

Place : Noida
Date : 29th April, 2011

# CONSOLIDATED BALANCE SHEET

(₹ in million)

| As at 31st March, | Schedules | 2011 | |
|---|---|---|---|
| **SOURCES OF FUNDS** | | | |
| **Shareholders' Funds** | | | |
| Share Capital | A | 80.14 | |
| Reserves & Surplus | B | 2,720.29 | |
| | | | 2,800.43 |
| **Loan Funds** | C | | |
| Secured Loans | | | 42.33 |
| **Deferred Tax Liabilities (Net)** | D | | 83.99 |
| | | | 2,926.75 |
| **APPLICATION OF FUNDS** | | | |
| **Fixed Assets** | E | | |
| Gross Block | | 1,601.58 | |
| Less: Depreciation & Amortisation | | 553.15 | |
| Net Block | | 1,048.43 | |
| Capital Work-in-Progress | | 96.59 | |
| | | | 1,145.02 |
| **Investments** | F | | 1.72 |
| **Current Assets, Loans and Advances** | G | | |
| Inventories | | 961.17 | |
| Sundry Debtors | | 761.81 | |
| Cash & Bank Balances | | 364.50 | |
| Loans and Advances | | 680.15 | |
| | | 2,767.63 | |
| **Less: Current Liabilities & Provisions** | H | | |
| Liabilities | | 820.01 | |
| Provisions | | 167.61 | |
| | | 987.62 | |
| **Net Current Assets** | | | 1,780.01 |
| | | | 2,926.75 |
| **Notes to Accounts & Significant Accounting Policies** | N | | |

**Schedule "A" to "H" and "N" referred above form an integral part of the Consolidated Balance Sheet.**

In terms of our review report of even date attached.

For and on behalf of the Board

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

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

**Hari S. Bhartia**
Chairman

Place : Noida
Date : 29th April, 2011

**Amit Khurana**
Company Secretary

**Sandeep Kr. Shaw**
Chief Financial Officer

**Ananda Mukherjee**
CEO & Whole Time Director

# CONSOLIDATED PROFIT & LOSS ACCOUNT

(₹ in million)

| For the Year Ended 31st March, | Schedules | 2011 | |
|---|---|---|---|
| **INCOME** | | | |
| Sales & Services | I | 5,790.76 | |
| Less: Excise Duty on Sales | | (250.86) | |
| Net Sales & Services | | | 5,539.90 |
| Other Income | J | | 25.45 |
| Increase/(Decrease) in Stocks | K | | (134.68) |
| | | | 5,430.67 |
| **EXPENDITURE** | | | |
| Manufacturing & Other Expenses | L | | 4,962.43 |
| Depreciation & Amortisation | | | 57.53 |
| **Interest** | M | | 6.64 |
| | | | 5,026.60 |
| **Profit/(Loss) Before Tax** | | | 404.07 |
| Profit/(Loss) From Continuing Operations Before Tax | | 482.90 | |
| Tax Charge/(Credit) | | 139.71 | |
| **Profit/(Loss) From Continuing Operations After Tax** | | 343.19 | |
| Profit/(Loss) From Discontinuing Operations Before Tax (Refer Note-12 of Schedule 'N') | | (78.83) | |
| Tax Charge/(Credit) | | (21.69) | |
| **Profit/(Loss) From Discontinuing Operations After Tax (Refer Note-12 of Schedule 'N')** | | (57.14) | |
| **Profit After Tax** | | | 286.05 |
| Balance Brought Forward from Previous period (Including adjustment on implementation of Scheme of Amalgamation & Demerger) | | | 984.80 |
| **Balance Available For Appropriation** | | | 1,270.85 |
| **APPROPRIATIONS** | | | |
| Dividend on Equity Shares | | 24.04 | |
| Tax on Distributed Profits on Equity Shares | | 3.90 | |
| | | | 27.94 |
| Transfer to General Reserve | | | 30.00 |
| **Balance Carried To Balance Sheet** | | | 1,212.91 |
| **Basic Earnings Per Share of ₹10 each (In ₹)** | N | | 35.70 |
| **Diluted Earnings Per Share of ₹10 each (In ₹)** | N | | 35.70 |
| **(Refer Note 16 of Schedule "N")** | | | |
| **Notes to Accounts & Significant Accounting Policies** | N | | |

**Schedule "I" to "N" referred above form an integral part of the Consolidated Profit & Loss Account.**

In terms of our review report of even date attached.

For and on behalf of the Board

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

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

**Hari S. Bhartia**
Chairman

Place : Noida
Date : 29th April, 2011

**Amit Khurana**
Company Secretary

**Sandeep Kr. Shaw**
Chief Financial Officer

**Ananda Mukherjee**
CEO & Whole Time Director

# CONSOLIDATED CASH FLOW STATEMENT

(₹ in million)

| For the year ended 31st March, | 2011 |
|---|---|
| **A. Cash Flow arising from Operating Activities** | |
| **Net Profit before tax** | 404.07 |
| Adjustments for: | |
| Depreciation & Amortisation | 57.53 |
| Loss/(Profit) on Sale of Fixed Assets (Net) | 0.11 |
| Interest | 6.64 |
| Provision for Gratuity & Leave Encashment | 24.90 |
| Bad Debts/Irrecoverable Advances Written-off (Net of Write-in) | 37.83 |
| Unrealised (Gain)/Loss on Foreign Exchange -Net | (0.20) |
| Profit on Sale of Current Investments | (1.66) |
| Income from Current Invstment (Non Trade)-Dividend | (1.45) |
| Interest Income | (19.21) |
| | 104.49 |
| **Operating Profit before Working Capital Changes** | **508.56** |
| Adjustments for: | |
| (Increase)/Decrease in Trade and Other Receivables | (296.53) |
| (Increase)/Decrease in Inventories | 332.40 |
| Increase/(Decrease) in Current Liabilities & Provisions | (112.56) |
| **Cash generated from Operations** | **431.87** |
| Direct Taxes Paid (Net of refunds) | (63.30) |
| **Net Cash Inflow/(Outflow) in course of Operating Activities** | **368.57** |
| **B. Cash Flow arising from Investing Activities:** | |
| Inter Corporate Loans | (400.00) |
| Acquisition/Purchase of Fixed Assets/CWIP | (190.26) |
| Sale Proceeds of Fixed Assets | 0.27 |
| (Purchase)/Sale of Investments (Net) | 4.07 |
| Interest Received | 7.76 |
| Dividend Received | 1.45 |
| **Net Cash Inflow/(Outflow) in course of Investing Activities** | **(576.71)** |
| **C. Cash Flow arising from Financing Activities:** | |
| Repayment of Long Term Borrowings | (970.90) |
| Proceeds from Short Term Borrowings | 42.33 |
| Interest Paid | (6.64) |
| **Net Cash Inflow/(Outflow) in course of Financing Activities** | **(935.21)** |
| **Net Increase/(Decrease) in Cash & Cash equivalents (A+B+C)** | **(1,143.35)** |
| Add : Cash & Cash Equivalent at the beginning of Year (As per Scheme of Amalgamation & Demerger) | 1,507.76 |
| Add : Cash & Cash Equivalents on consolidation of subsidiary acquired during the year | 0.09 |
| **Cash & Cash Equivalents at the close of the Year** | **364.50** |
| **Cash & cash equivalent Comprise:** | |
| cash & Bank Balances (Including fixed deposits) | 364.50 |
| | **364.50** |

**Notes:**

1) Cash Flow Statement has been prepared under the Indirect method as set out in the Accounting Standard 3 (As-3) "Cash Flow Statements" notified by the Central Government of India.
2) Purchase of fixed assets includes movements of Capital Work-in-progress during the year.
3) Cash Flow Statement has been prepared after giving effect to the scheme of Amalgamation & Demerger to the opening Balance Sheet from appointed date i.e. 1st April, 2010.

In terms of our review report of even date attached.

For and on behalf of the Board

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

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

**Hari S. Bhartia**
Chairman

Place : Noida
Date : 29th April, 2011

**Amit Khurana**
Company Secretary

**Sandeep Kr. Shaw**
Chief Financial Officer

**Ananda Mukherjee**
CEO & Whole Time Director

# SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(₹ in million)

| As At 31st March, | 2011 |
|---|---|
| **A. SHARE CAPITAL** | |
| **Authorised** | |
| 10,000,000 Equity Shares of 10 each | 100.00 |
| | 100.00 |
| **Issued & Subscribed** | |
| 8,014,056 Equity Shares of ₹10 each (1) | 80.14 |
| | 80.14 |
| **Paid up** | |
| 8,014,056 Equity Shares of ₹10 each (1) | 80.14 |
| | 80.14 |

**Notes:**

(1) 7,964,056 equity shares of ₹10 each allotted and issued pursuant to the Scheme of Amalgamation & Demerger with Jubilant Life Sciences Limited (formerly Jubilant Organosys Limited) for consideration other than cash.

(₹ in million)

| | As at 31st March, 2010 | Additions on Implementation of Scheme | Additions/ Created during the year | Deductions during the year | As at 31st March, 2011 |
|---|---|---|---|---|---|
| **B. RESERVES AND SURPLUS** | | | | | |
| Capital Reserve | - | 24.62 | | | 24.62 |
| Securities Premium Account | - | 837.18 | | | 837.18 |
| General Reserve | - | 615.58 | 30.00 | | 645.58 |
| Surplus as per Profit & Loss Account | - | 984.80 | 286.05 | 57.94 | 1,212.91 |
| **TOTAL** | **-** | **2,462.18** | **316.05** | **57.94** | **2,720.29** |
| Previous Year | - | - | - | - | - |
| (Refer Note -2 of Schedule "N") | | | | | |

(₹ in million)

| As At 31st March, | 2011 |
|---|---|
| **C. LOANS** | |
| **Secured** | |
| **Loans From Bank** | |
| -Working Capital (1) | 42.33 |
| | 42.33 |

**Notes:**

(1) Working capital facility sanctioned by Corporation Bank, is secured by exclusive first charge on inventory cum book debts/ current assets of the company both present and future, wherever the same may be or be held.

(₹ in million)

| As At 31st March, | 2011 |
|---|---|
| **D. DEFERRED TAX LIABILITY** | |
| Deferred Tax Liabilities | 110.96 |
| Deferred Tax Assets | 26.97 |
| Deferred Tax Liabilities(Net) | 83.99 |
| (Refer Note 8 of Schedule "N") | |

# SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

## E. FIXED ASSETS

(₹ in million)

| Description | GROSS BLOCK - COST / BOOK VALUE | | | | | DEPRECIATION / AMORTIZATION | | | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total as at 31st March, 2010 | Additions/ consquent to Amalgamation & Demerger Scheme (1) | Additions/ adjustments during the year | Deductions/ adjustments during the year | Total as at 31st March, 2011 | Total as at 31st March, 2010 | Additions/ consequent to Amalgama-tion & Demerger Scheme (1) | Additions/ adjustments during the year | Impairment | Deductions/ adjustments during the year | Total as at 31st March, 2011 | As at 31st March, 2011 (1) | As at 31st March, 2010 |
| Land | | | | | | | | | | | | | |
| (a) Freehold | - | 17.32 | 1.60 | - | 18.92 | - | - | - | - | - | - | 18.92 | - |
| (b) Leasehold | - | 204.26 | - | - | 204.26 | - | 0.23 | - | - | - | 0.23 | 204.03 | - |
| Buildings | | | | | | | | | | | | | |
| (a) Factory | - | 199.35 | 11.04 | - | 210.39 | - | 33.69 | 6.17 | - | - | 39.86 | 170.53 | - |
| (b) Others | - | 48.34 | - | - | 48.34 | - | 1.66 | 0.83 | - | - | 2.49 | 45.85 | - |
| Plant & Machinery (2) | - | 954.11 | 131.08 | - | 1,085.19 | - | 446.52 | 46.42 | - | - | 492.94 | 592.25 | - |
| Vehicles | - | 1.45 | - | 0.03 | 1.42 | - | 1.36 | - | - | 0.01 | 1.35 | 0.07 | - |
| Office Equipments | - | 17.88 | 0.97 | 0.59 | 18.26 | - | 7.23 | 2.77 | - | 0.33 | 9.67 | 8.59 | - |
| Furniture & Fixtures | - | 13.50 | 1.45 | 0.15 | 14.80 | - | 5.32 | 1.34 | - | 0.05 | 6.61 | 8.19 | - |
| **TOTAL** | **-** | **1,456.21** | **146.14** | **0.77** | **1,601.58** | **-** | **496.01** | **57.53** | **-** | **0.39** | **553.15** | **1,048.43** | **-** |
| Capital Work in Progress, Capital Advances & Project Expenses Pending Capitalization | | | | | | | | | | | | 96.59 | - |
| | | | | | | | | | | | | **1,145.02** | **-** |

**Notes:**

(1) Values as per Scheme of Amalgamation and Demerger Scheme (Refer Note-2 of schedule 'N').

(2) Includes Plant & Machinery in relation to discontinuing business.

# SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

| As At 31st March, | | | | 2011 |
|---|---|---|---|---|
| **F.** | **INVESTMENTS : (At Cost)** | | | |
| | **Number** | **Face value per unit** | **All unquoted unless otherwise specified** | |
| | | | **Non Trade Investments** | |
| | 448<br>(-) | ₹10 | Voith Paper Fabrics India Ltd. -Equity Shares fully paid up (Quoted) | 0.08 |
| | 530<br>(-) | ₹10 | Minerva Holding Ltd. -Equity Shares fully paid up (2) | - |
| | 132<br>(-) | ₹100 | Kashipur Holdings Ltd. -Equity Shares fully paid up (2) | - |
| | | | **Current Investments**<br>**Investment in Mutual Fund** | |
| | 91,332.83<br>(-) | ₹10 | LIC MF Liquid Fund-Growth Plan | 1.64 |
| | | | | 1.72 |
| | | | Aggregate NAV of Current Investments | 1.64 |
| | | | Aggregate amount of unquoted Investments | - |
| | | | Aggregate amount of quoted investments | |
| | | | - Cost | 0.08 |
| | | | - Market value | 0.10 |

**Notes:**

(1) During the year, the following investment (non trade) was purchased and sold:

(i) 11,934,127.87 units of LIC mutual fund - liquid fund - growth plan at cost of ₹210 million.

(2) Shares were received free of cost under the scheme of Arrangement approved by the Hon'ble High Court of Allahabad.

(3) Figure in () are in respect of previous year.

# SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(₹ in million)

| As At 31st March, | 2011 |
|---|---|
| **G. CURRENT ASSETS, LOANS AND ADVANCES** | |
| **Current Assets** | |
| **Inventories: (Including in transit and with third parties)** | |
| - Raw Materials (1) | 392.84 |
| - Stores, Spares, Process Chemicals, Fuels & Packing Material (2) | 84.12 |
| - Process Stocks | 186.63 |
| - Finished Goods (including Trading Goods) | 297.58 |
| | 961.17 |
| **Sundry Debtors** | |
| Unsecured | |
| - Over Six Months - Good (3) | 145.40 |
| - Doubtful | - |
| - Other Debts - Good (3) | 616.41 |
| | 761.81 |
| Less: Provision for Doubtful Debts | - |
| | 761.81 |
| **Cash & Bank Balances** | |
| - Cash in hand and as Imprest | 1.01 |
| - With Scheduled Banks | |
| - On Current Accounts | 61.41 |
| - On Deposit Accounts (4) | 302.08 |
| | 364.50 |
| **Loans And Advances** | |
| **(Unsecured, Considered Good)** | |
| - Inter Corporate Loans (including interest accrued) | 411.45 |
| - Advances recoverable in cash or in kind or for value to be received (5) | 181.13 |
| - Deposits | 8.43 |
| - Deposits/Balances with Excise/Sales Tax Authorities | 74.64 |
| - Deposits/Balances with Customs | 4.50 |
| | 680.15 |
| | 2,767.63 |

**Notes:**

(1) Includes Raw Material in Transit of ₹55.20 million.

(2) Includes Stores, Spares, Process Chemicals, Fuels & Packing Material in Transit of ₹2.86 million.

(3) Includes, Subsidy receivable:

a) Due over six months - ₹87.15 million.

b) Others - ₹121.65 million.

(4) Includes, Margin Money - ₹2 million.

(5) Includes ₹32.50 million Export Benefits Receivables.

# SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(₹ in million)

| As At 31st March, | 2011 |
|---|---|
| **H. CURRENT LIABILITIES AND PROVISIONS** | |
| **A) Current Liabilities** | |
| Sundry Creditors and Expenses Payable | |
| - Due to Micro, Small & Medium Enterprises | - |
| - Others | 730.19 |
| Trade Deposits & Advances | 69.19 |
| Other Liabilities | 20.63 |
| | 820.01 |
| **B) Provisions** | |
| For Dividends on Equity Shares (Including Dividend Distribution Tax) | 27.94 |
| For Income Tax & Wealth Tax | 65.43 |
| For Retirement/Post Retirement Employee Benefits | 73.31 |
| For Others | 0.93 |
| | 167.61 |
| **TOTAL (A+B)** | **987.62** |

# SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

(₹ in million)

| For the year ended 31st March, | 2011 |
|---|---|
| **I. SALES & SERVICES** | |
| Sales | 5,768.44 |
| Manufacturing Services (Refer Note - 9 of Schedule "N") | 22.32 |
| | 5,790.76 |

(₹ in million)

| For the year ended 31st March, | 2011 |
|---|---|
| **J. OTHER INCOME** | |
| Income from Current Investments (Non-Trade) - Dividend | 1.45 |
| Profit on Sale of Trade Investments | 1.66 |
| Miscellaneous Receipts (1) | 22.34 |
| | 25.45 |

(1) Includes: a) Income from Services provided ₹2.03 million (Tax Deducted at source ₹0.05 million).

b) Interest ₹19.06 million TDS thereon ₹2.54 million.

(₹ in million)

| For the year ended 31st March, | 2011 |
|---|---|
| **K. INCREASE/(DECREASE) IN STOCKS** | |
| Stock at close - Process | 186.63 |
| Stock at close - Finished | 297.58 |
| | 484.21 |
| Stock at commencement - Process** | 144.17 |
| Stock at commencement - Finished** | 490.20 |
| | 634.37 |
| Increase/(Decrease) in Stocks | (150.16) |
| Less: (Increase)/Decrease of Finished & Process Stock of IMFL Business | 15.48 |
| (Refer Note - 9 of Schedule "N") | (134.68) |

** Taken over as per Scheme of Amalgamation & Demerger(Scheme)

# SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

(₹ in million)

| For the year ended 31st March, | 2011 |
|---|---|
| **L. MANUFACTURING AND OTHER EXPENSES** | |
| Purchases - Traded Goods | 60.04 |
| Raw & Process Materials Consumed | 3065.96 |
| Power and Fuel | 168.20 |
| Excise Duty (1) | 6.42 |
| Stores, Spares, Chemicals & Packing Materials Consumed | 349.59 |
| Processing Charges | 1.27 |
| Repairs - Plant & Machinery | 56.59 |
| - Buildings | 10.19 |
| Salaries, Wages, Bonus, Gratuity & Allowances | 383.68 |
| Contribution to Provident & Superannuation Fund | 23.48 |
| Staff Welfare Expenses | 21.73 |
| Rent | 24.61 |
| Rates & Taxes | 7.71 |
| Insurance | 7.97 |
| Advertisement, Publicity & Sales Promotion | 33.84 |
| Traveling & Other Incidental Expenses | 59.18 |
| Office Maintenance | 31.02 |
| Vehicle Running & Maintenance | 3.21 |
| Printing & Stationery | 4.67 |
| Communication Expenses | 7.88 |
| Staff Recruitment & Training | 8.02 |
| Auditors Remuneration - As Auditors | 0.51 |
| - For Taxation Matters | 0.13 |
| - For Certification/Limited Review | 0.47 |
| Legal , Professional & Consultancy Charges | 31.19 |
| Freight & Forwarding (including Ocean freight) | 320.51 |
| Directors' Sitting Fees | 0.23 |
| Directors' Commission | 0.52 |
| Miscellaneous Expenses | 4.97 |
| Financial Charges (includes Foreign Exchange Fluctuation gain of ₹3.06 million and Bank Charges) | 9.64 |
| Discounts & Claims to Customer and Other Selling Expenses (2) | 194.90 |
| Commission on Sales | 28.40 |
| Loss/(Gain) on sale/disposal/discard of Fixed Assets | 0.11 |
| Loss/(Gain) on sale of Raw Materials | (2.24) |
| Bad Debts/irrecoverable Advances & receivables written off/provided for (Net of amount written off - ₹27.91 million adjusted against Provision) | 37.83 |
| | 4,962.43 |

**Notes:**

(1) Excise duty expense denotes provision on stock differential and other claims/payment.

(2) Includes Prior Period adjustments amount ₹4.00 million.

(₹ in million)

| For the year ended 31st March, | 2011 |
|---|---|
| **M. INTEREST** | |
| On Overdrafts | 2.81 |
| Others | 3.83 |
| | 6.64 |

# NOTES TO THE CONSOLIDATED ACCOUNTS

## N. NOTES TO THE CONSOLIDATED ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES

**Notes to the Consolidated Balance Sheet as at 31st March, 2011 and Consolidated Profit & Loss Account for the year ended on that date.**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Preparation of Financial Statements**

The consolidated financial statements (CFS) relate to Jubilant Industries Limited (hereinafter referred to as the "Company") and its subsidiary (hereinafter referred to as the "Group").

The accounts of the Group are prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India and comply with the mandatory accounting standards notified under the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956. The Consolidated Financial statements are presented in Indian rupees rounded off to the nearest million.

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the results of operations during the reporting periods. Examples of such estimate include future obligations under employee retirement benefit plans, income taxes, useful life of fixed assets and provision for doubtful debts, etc. Management believes that the estimates used in the preparation of the consolidated financial statements are prudent and reasonable. Actual results could vary from these estimates. Appropriate changes in estimates are made as the management becomes aware of the changes in circumstances surrounding the estimates. Any revision to accounting estimates is recognized in the period in which such results are known/materialized. Effect of such material changes is disclosed in the notes to the consolidated financial statements.

**B. Principles of Consolidation**

**The consolidated financial statements have been prepared on the following basis:**

i) The financial statements of the Company and its Subsidiary Company have been combined substantially on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and unrealized profits.

ii) The Consolidated Financial Statements have been prepared in accordance with the Accounting Standard 21 (AS-21), "Consolidated Financial Statements" notified by the Central Government of India and using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

**The Subsidiary Company is considered in the Consolidated Financial Statements is:**

| | |
|---|---|
| **Name of the Subsidiary** | Jubilant Agri and Retail Private Limited (formerly known as Canonical Infotech Solutions Private Limited) |
| **Country of incorporation** | India |
| **Name of Parent Company** | Jubilant Industries Limited |
| **Nature of Business** | Non-operative Company |
| **Percentage of ownership** | 100% |

**C. a) Fixed Assets and Depreciation**

i) Fixed Assets are stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and accumulated impairment. The cost of fixed assets includes effects of exchange differences on long term foreign currency borrowings, freight and other incidental expenses related to the acquisition, installation and commissioning of the respective assets. Borrowing costs directly attributable to fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized. In case of fixed assets acquired at the time of amalgamation of certain entities with Company, the same are recognized at book value in case of amalgamation in the nature of merger and at book value/fair value in case of amalgamation in the nature of purchase in line with AS 14.

# NOTES TO THE CONSOLIDATED ACCOUNTS

Insurance spares/standby equipments are capitalized as part of the mother assets and are depreciated at the applicable rates, over the remaining useful life of the mother assets.

Interest on loans and other financial charges in respect of qualifying assets and expenditure incurred on start up and commissioning of the project and/or substantial expansion, including the expenditure incurred on test runs and trial runs (net of trial run receipts, if any) up to the date of commencement of commercial production are capitalized.

ii) Depreciation is provided on Straight Line Method at rates mentioned and in the manner specified in Schedule XIV to the Companies Act, 1956 (as amended), on the original cost/acquisition cost of assets and read with the statement as mentioned herein under. Certain plants were classified as continuous process plants based on technical assessment, (relied upon by the auditors being a technical matter) and depreciation on such assets has been provided accordingly.

Depreciation, in respect of assets added/installed up to 15th December 1993, is provided at the rates applicable at the time of addition/installation of the assets as per Companies Act, 1956 and depreciation in respect of other assets added/installed during the subsequent period is provided at the rates mentioned in Schedule XIV to the Companies Act, 1956 read with Notification dated 16th December, 1993 issued by Department of Company Affairs, Government of India except for the following classes of fixed assets which are depreciated over the useful life estimated as under;

a. Computer & Information Technology related assets: Three to Five Years.

b. Certain Employee perquisite-related Assets: Five Years, being the period of the Perquisite Scheme.

c. Motor Vehicles: Five Years.

The depreciation rates so arrived at are not lower than the rates prescribed in Schedule XIV to the Companies Act, 1956.

Depreciation on assets added/disposed off during the year has been provided on pro-rata basis with reference to the month of addition/disposal.

Depreciation on assets of discontinuing business is provided only up to the date when the decision to discontinue the business is approved by the Board of Directors of the Company.

**b) Intangible Assets**

Research costs are expensed as incurred and presented under the natural heads of expenditure.

Product development costs are expensed when it is unlikely that such assets will generate future economic benefits that are attributable to the assets will flow to the enterprises and the cost of the assets can be measured reliably.

**c) Leased Assets**

i) Leasehold Land value is not amortized in view of the long term tenure of the un-expired lease period/option of conversion to freehold at the expiry of lease tenure.

ii) **Other Lease Assets:** In respect of operating leases, lease rentals are charged to Profit & Loss Account.

**D. Valuation of Inventories**

Inventories are valued at lower of cost or net realizable value except scrap, which is at net estimated realizable value.

The methods of determining cost of various categories of inventories are as follows:

| | |
|---|---|
| Raw Materials | Weighted Average Method |
| Stores & Spares | Weighted Average Method |
| Work-in-process and Finished Goods (Manufactured) | Variable Cost at weighted average including an appropriate share of variable and fixed production overheads |
| Finished Goods (Traded) | Actual Cost of Purchase |
| Goods-in-transit | Actual Cost of Purchase |

Cost includes all direct costs, cost of conversion

# NOTES TO THE CONSOLIDATED ACCOUNTS

and appropriate portion of variable and fixed production overheads and such other costs incurred as to bring the inventory to its present location and condition inclusive of excise duty wherever applicable.

**E. Investments**

Long term quoted investments (non trade) if any, are valued at cost unless there is a decline, other than temporary, in their value as at the date of Balance Sheet.

Unquoted investments including investments in subsidiary being of long term and of strategic in nature are valued at cost and no loss is recognized for the fall, if any, in their net worth, unless the diminution in value is other than temporary.

Current investments are valued at lower of cost and fair value.

**F. Income Tax**

**Current Tax**

Current Tax expenses is based on the provisions of Income Tax Act, 1961 and judicial interpretations thereof as at the Balance Sheet date and takes into consideration various deductions and exemptions to which the Company is entitled to as well as the reliance placed by the Company on the legal advices received by it. Provision for current income taxes and advance taxes arising in the same jurisdiction are presented in the Balance Sheet after offsetting on an assessment year basis.

**Deferred Tax**

Deferred Tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each Balance Sheet date and are written-down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized. The Company offsets deferred tax assets and deferred tax liabilities relating to taxes on income levied by the same governing tax authorities.

**G. Foreign Currency Conversions/ Translation**

i) **Initial Recognition:** Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on/or closely approximating to the date of the transaction.

ii) **Conversion:** Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

iii) **Exchange Difference:** Exchange differences arising on the settlement of monetary items or on reporting such monetary items of the Company at rates different from those at which they were initially recorded during the year or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

**H. Provisions, Contingent Liability and Contingent Assets**

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed in respect of possible obligations that may arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent Assets are not recognized/disclosed. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet Date.

# NOTES TO THE CONSOLIDATED ACCOUNTS

**I. Employee Benefits**

i) **Short-term Employee Benefits:** All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits, which include benefits like salaries, wages, short-term compensated absences, variable pay etc. and are recognized as expenses in the period in which the employee renders the related service.

ii) **Post-employment benefits:** Post employment benefit plans are classified into defined contribution plans and defined benefits plans in line with the requirements of AS 15 on "Employee Benefits".

- **Gratuity and Leave Encashment**

  Gratuity and leave encashment which are defined benefits are recognized in the Profit and Loss Account based on actuarial valuation using projected unit credit method as at Balance Sheet date by an independent actuary. Actuarial gains and losses arising from the experience adjustment and change in actuarial assumption are immediately recognized in the Profit and Loss account as income or expense. The gratuity liability for certain employees of one of the units of the Company is funded with Life Insurance Corporation of India.

- **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 Profit and Loss Account.

- **Provident Fund**

**i)** The Company makes contribution to the "VAM EMPLOYEES' PROVIDENT FUND TRUST" for most of its employees, which is a defined benefit plan to the extent that the Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The Company's obligation in this regard is actuarially determined and provided for if the circumstances indicate that the Trust may not be able to generate adequate returns to cover the interest rates notified by the Government. The Company's contribution towards Provident Fund is charged to Profit and Loss Account.

**ii)** For other employees, Provident Fund is deposited with Regional Provident Fund Commissioner. This is treated as defined contribution plan. Company's contribution to the Provident Fund is charged to Profit & Loss Account.

**iii)** Other Long Term Employee Benefits: All employee benefits (other than post-employment benefits and termination benefits) which do not fall due wholly within twelve months after the end of the period in which the employees render the related services are determined based on actuarial valuation carried out at each Balance Sheet date.

**J. Borrowing Cost**

Borrowing costs including incidental/ ancillary costs are recognized in the Profit and Loss Account in the period in which it is incurred, except where the cost is incurred for acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use in which case it is capitalized up to the date the assets are ready for their intended use. Ancillary costs incurred in connection with the arrangement of borrowings are amortized over the period of such borrowings.

**K. Revenue Recognition**

Revenue from sale of products is recognized when the significant risks and rewards of ownership of the products have been transferred to the buyer, recovery of the consideration is probable and the amount of revenue can be measured reliably. Revenues include excise duty and are shown net of sales tax and value added tax, if any. Revenue in respect of fertilizer is inclusive of subsidy being disbursed by the Central Government of India. The subsidy amount is recognized based upon the latest notified rates.

Revenue from contract manufacturing is recognized on completed service contract method.

Dividend income is recognized when the right to

# NOTES TO THE CONSOLIDATED ACCOUNTS

receive the income is established. Income from interest on deposits, loans and interest bearing securities is recognized on time proportionate method.

Any sale for which Company has acted as an agent without assuming the risk and reward of the ownership have been reported on receipt-basis.

Export incentives/benefits are accounted for on accrual basis in the year in which exports are made and are included in sales.

**L. Segment Reporting**

The accounting policies adopted for segment reporting are in line with accounting policies of the Group. Revenue, Expenses, Assets and Liabilities have been identified to segments on the basis of their relationship to operating activities of the segments (taking in account the nature of products and services and risks & rewards associated with them) and Internal Management Information Systems and the same is reviewed from time to time to realign the same to conform to the Business Units of the Group. Revenue, Expenses, Assets and Liabilities, which are common to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been treated as “Common Revenue/ Expenses/Assets/Liabilities”, as the case may be.

**M. Earnings Per Share**

The basic earnings per share is calculated by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit after tax during the year and the weighted average number of shares outstanding during the year are adjusted for the effect of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the year unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Anti dilutive effect of any potential equity shares is ignored.

**N. Impairment of Fixed Assets**

The Group assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the assets belongs is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss Account.

An assessment is also done at each balance sheet date whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased. If any, such indications exists, the asset’s recoverable amount is estimated. The carrying amount of the fixed asset is increased to the revised estimate of its recoverable amount but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in previous periods. A reversal of impairment loss is recognized in the profit and loss account.

**2.** During the year, a Scheme of Amalgamation and Demerger (Scheme) among Jubilant Life Sciences Limited (JLL) (formerly Jubilant Organosys Limited), Speciality Molecules Ltd , Pace Marketing Specialities Ltd and Jubilant Industries Limited (Company) (formerly Hitech Shiksha Limited) became effective on 15th November, 2010. Under the Scheme, the Agri and Performance Polymer Business of JLL has been demerged and vested into the Company on 1st April, 2010. Upon Demerger, the shareholders of JLL received one equity share of ₹10 each of Company for every 20 equity shares of ₹1 each held in the JLL.

From the demerger appointed date, i.e. 1st April, 2010 till the scheme becoming effective, the operations of Company were run by JLL, for and on behalf of Company, on trust and the economic benefits attributable to the Company have been passed on to it, in terms of the said scheme. Since the economic benefits under the scheme have accrued from appointed date, the equity shares issued pursuant to the scheme have also been considered from the appointed date for the purpose of calculation of Earnings Per Share.

**3. Capital Commitments**

Estimated amount of contracts remaining to be executed on Capital Account (Net of Advances) ₹46.03 million [Advances ₹ Nil]

# NOTES TO THE CONSOLIDATED ACCOUNTS

4. **Contingent Liabilities**

a) Claims/Demands in respect of which proceeding or appeals are pending and are not acknowledged as debts on account of :

(₹ in million)

| As at 31st March, | 2011* |
|---|---|
| Central Excise | 11.41 |
| Customs | 114.87 |
| Sales Tax | 21.74 |
| Service Tax | 16.10 |
| Others | 103.60 |

*Inclusive of Contingent Liabilities taken over in term of the Amalgamation & Demerger Scheme. Certain of the above demands are still in the name of Jubilant Life Sciences Limited (formerly Jubilant Organosys Limited)

b) In respect of Single Super Phosphate (SSP), the Trade Tax Assessing officer of Rajasthan State, has assessed the Gypsum Content of SSP and held that the same is liable to trade tax, though, there is no tax on fertilizer for the period 1st April, 2002 to 31st December, 2007 and raised a demand of ₹34.45 million. The same is being contested before Hon'ble Allahabad High Court by Jubilant Life Sciences Limited but any possible liability will flow to the Company.

c) Outstanding guarantees furnished by Banks on behalf of the Company/by the Company including in respect of Letters of Credit is ₹692.16 million.

d) Export Obligations under Advance License Scheme/Duty Free Import Authorization Scheme on duty free import of specific raw materials, remaining outstanding is ₹10.74 million.

5. Certain Employees of the parent Company, who were previously employed with Jubilant Life Sciences Limited (formerly Jubilant Organosys Limited) and whose service were transferred to this Company in term of the Scheme of Amalgamation & Demerger (2010) and were entitled to Employee Stock Option Scheme (ESOP) 2005 of Jubilant Life Sciences Limited, are entitled to certain number of shares of the Company which shall be transferred by the "Jubilant Employee Welfare Trust" (the Trust) as per the said scheme. Such transfer of shares by the Trust has no financial implication in the financial books of the Company.

6. The Group's significant operating lease arrangements are in respect of premises (residential, offices, godowns 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 have been charged as expenses ₹24.61 million during the year. These lease agreements do not have contingent/price escalation clause.

7. In line with the applicable accounting policies of the Group, during the year, preoperative expenses including trial run expenses (net) for projects and/or substantial expansions amounting to ₹6.80 million have been capitalized/pending capitalization up to the date of commencement of commercial production. The said expenditure (net of trial run receipts), so capitalized are accumulated as Capital work in progress and have been allocated to respective Fixed Assets to the extent fixed assets were put to use and balance is appearing in Capital work in progress.

8. Deferred Tax Assets and Liabilities are attributable to the following items:

(₹ in million)

| As at 31st March, | 2011 |
|---|---|
| **Deferred Tax Assets** | |
| Provision for Leave Encashment and Gratuity | 23.79 |
| Others | 3.18 |
| **TOTAL** | **26.97** |
| **Deferred Tax Liabilities** | |
| Accelerated Depreciation/ Amortization | 110.96 |
| **TOTAL** | **110.96** |
| **Deferred Tax Liabilities (Net)** | **83.99** |

9. The bottling unit of the parent Company situated at Nira holds a potable liquor license for Indian Made Foreign Liquor (IMFL) and the same is bottling IMFL on the order of another Company and is charging bottling fee. These financial statements recognize Revenue and Expenditure, only to the extent the Company enjoys beneficial interest. In Compliance with the requirements of Schedule VI to the Companies Act, 1956, the following information is given hereunder in respect of the transactions where the Company does not enjoy beneficial interest:

(₹ in million)

| As at 31st March, | 2011 |
|---|---|
| Sales | 383.39 |
| Excise Duty | (70.86) |
| Other Income | 4.35 |
| Increase/(Decrease) in Finished & Process Stocks | (15.48) |
| Raw & Process Materials Consumed | (97.75) |
| Stores, Spares, Chemicals, Catalyst & Packing Material Consumed | (151.06) |
| Other Expenses | (30.27) |

# NOTES TO THE CONSOLIDATED ACCOUNTS

Presently the bottling operations are still in the name of Jubilant Organosys Limited, presently known as Jubilant Life Sciences Limited, pending transfer of liquor license in favour of the parent Company.

**10.** Disclosure required by Accounting Standard 29 (AS-29) “Provisions, Contingent Liabilities and Contingent Assets”

**Movement in Provisions**

(₹ in million)

| Particulars of Disclosure | Excise Duty | Provision for Bad and Doubtful Debts |
|---|---|---|
| Opening on account of Scheme of Amalgamation and Demerger | 20.79 | 27.91 |
| Additional Provision During 2010-2011 | 13.01 | - |
| Provision used During 2010-2011 | 20.79 | 27.91 |
| Provision reversed During 2010-2011 | - | - |
| Balance As at 31st March, 2011 | 13.01 | - |

Provision for Excise Duty represents the excise duty on closing stock of finished goods and also in respect of written off/ provision of write down of Inventory.

**11. Foreign Currency exposure not hedged by derivative instrument are as under:**

| As at 31st March, | Amount (Foreign Currency in million) | |
|---|---|---|
| | 2011 | |
| Amount Receivable on account of Sale of Goods & Services | USD | 1.67 |
| | EURO | 0.56 |
| Amount Payable on account of Purchase of Goods | USD | 3.75 |

**12. Discontinuing Operations:**

The Board of Directors of the parent Company had decided to discontinue its operation relating to Application Polymer Division in February, 2011 and to realise the assets and pay off its liabilities in due course.

The carrying amounts as of 31st March, 2011, of the total assets relating to the discontinuing operations aggregate to ₹72.09 million and the total liabilities to be settled relating to the discontinuing operations aggregate to ₹38.17 million. In the opinion of the parent Company the assets and liabilities will have a value on realization in the ordinary course of business that are at least equal to the amounts at which they are stated in the Balance Sheet.

The net cash flows attributable to operating, investing and financing activities of the discontinuing operations during the current year aggregated to ₹ (36.83) million, ₹ Nil and ₹ Nil respectively.

**Statement showing the revenue and expenses of continuing and discontinuing operation:**

(₹ in million)

| For the year ended 31st March, | 2011 | | |
|---|---|---|---|
| Particulars | Continuing Operations | Discontinuing Operations (APD) | Total |
| **Revenue** | | | |
| Sales/Income from Operations | 5205.96 | 333.94 | 5539.90 |
| Other Income | 24.95 | 0.50 | 25.45 |
| **Total Revenue** | **5230.91** | **334.44** | **5565.35** |
| Operating Expenses (including impairment loss of ₹6.79 million) | 4741.37 | 413.27 | 5154.64 |
| **Pre Tax Profit/(Loss) from Operating Activities** | **489.54** | **(78.83)** | **410.71** |
| Interest Expenses | 6.64 | - | 6.64 |
| Tax Expenses/(Tex Credit) | 139.71 | (21.69) | 118.02 |
| **Profit/(Loss) from Operating Activities After Tax** | **343.19** | **(57.14)** | **286.05** |

# NOTES TO THE CONSOLIDATED ACCOUNTS

**13. Employees Benefits:**

During the year the Company has recognized the following amounts in the Profit & Loss Account:

**(A) Defined Contribution Plans**

a) Superannuation Fund

(₹ in million)

| For the year ended 31st March, | 2011 |
|---|---|
| Employers Contribution to Super-annuation Fund | 3.18 |

**(B) State Plans**

a) Employee State Insurance

b) Employee's Pension Scheme, 1995

(₹ in million)

| For the year ended 31st March, | 2011 |
|---|---|
| Employers Contribution to Employee State Insurance | 1.20 |
| Employers Contribution to Employee's Pension Scheme, 1995 | 4.02 |

**(C) Defined Benefit Plan**

a) Compensated Absences Gratuity

In accordance with Accounting Standard 15, an actuarial valuation has been carried out in respect of gratuity and compensated absences. The discount rate assumed is 8.30 % which is determined by reference to market yield at the Balance Sheet date on Government bonds. The retirement age has been considered at 58 years and mortality table is as per LIC (1994-96).

The estimates of future salary increases, considered in actuarial valuation 6.35% take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

**Reconciliation of opening and closing balances of the present value of the defined benefit obligation:**

(₹ in million)

| | Gratuity* | Leave Encashment |
|---|---|---|
| | 2011 | 2011 |
| Present Value of obligation at the appointed date of Scheme of Amalgamation & Demerger | 39.99 | 16.39 |
| Current Service Cost | 4.62 | 4.08 |
| Interest Cost | 3.31 | 1.36 |
| Actuarial (Gain)/Loss | 1.81 | 2.61 |
| Benefits Paid | - | (0.63) |
| Present Value of obligation at the end of the year | 49.73 | 23.81 |

**Reconciliation of the present value of defined benefit obligation and the fair value of the plan assets:**

(₹ in million)

| | Gratuity* | Leave Encashment |
|---|---|---|
| | 2011 | 2011 |
| Present Value of obligation at the end of the year | 49.73 | 23.81 |
| Fair value of plan assets at end of the year | - | - |
| Assets/(Liabilities) recognized in the Balance Sheet | (49.73) | (23.81) |

**Cost recognized for the year (included under Salaries, Wages, Allowances, Bonus & Gratuity):**

(₹ in million)

| | Gratuity* | Leave Encashment |
|---|---|---|
| | 2011 | 2011 |
| Current Service Cost | 4.62 | 4.08 |
| Interest Cost | 3.31 | 1.36 |
| Actuarial (Gain)/Loss | 1.81 | 2.61 |
| Net Cost recognized during the year | 9.74 | 8.05 |

*Excluding for certain employees of Sahibabad Unit.

# NOTES TO THE CONSOLIDATED ACCOUNTS

**Reconciliation of opening and closing balances of the present value of the defined benefits obligation**:**

(₹ in million)

| | Gratuity 2011 |
|---|---|
| Present Value of obligation | 5.19 |
| Current Service Cost | 0.31 |
| Interest Cost | 0.43 |
| Actuarial (Gain)/Loss | (0.53) |
| Benefits Paid | (1.44) |
| Present Value of obligation at the end of the year | 3.96 |

**Reconciliation of the present value of defined benefit obligation and the fair value of the plan assets**:**

(₹ in million)

| | Gratuity 2011 |
|---|---|
| Present Value of obligation at the end of the year | 3.96 |
| Fair value of plan assets at end of the year | 4.19 |
| Funded status excess of Actual over estimated | (0.04) |
| Assets/(Liabilities) recognized in the Balance Sheet | 0.23 |

**Cost recognized for the year (included under Salaries, Wages, Allowances, Bonus & Gratuity)**: (Funded with Life Insurance Corporation of India)**

(₹ in million)

| | Gratuity 2011 |
|---|---|
| Current service cost | 0.31 |
| Interest Cost | 0.43 |
| Actuarial (Gain)/Loss | (0.49) |
| Expected Return on Plan Assets | (0.44) |
| Net Cost recognized during the year | (0.19) |

** In respect of certain employees of Sahibabad Unit

b) **Provident Fund**

The Guidance on implementation of AS 15, Employee Benefits (Revised 2005) issued by Accounting Standard Board (ASB) states that benefits involving provident funds, which require interest shortfall to be compensated, are to be considered as defined benefit plans. The actuary has recommended a provision of ₹6.74 million towards liability likely to arise towards interest guarantee. The relevant Provident Fund Trust for the company is managing common corpus of three companies. The total actuary liability of shortfall amounting to ₹6.74 million as worked out by the actuary has been allocated to each entity based on the corpus value of each entity as on 31st March, 2011. Accordingly, ₹0.93 million was allocated to the Company and has been charged to Profit and Loss account during the year. The Company has contributed ₹13.38 million to provident Fund.

**14. Segment Reporting**

i) Based on the guiding principles given in Accounting Standard 17 (AS-17) on "Segment Reporting", the Company's Primary Business Segments are organized around customers on industry and product lines as under:

a. Agri Products: (i) Single Super Phosphate and (ii) Agro Chemicals for Crop Products.

b. Performance Polymers: (i) Food Polymer (Solid PVA), (ii) VP Latex and SBR Latex, (iii) Consumer Products (Application Polymer Products which was earlier part of this segment , Board of Directors of the Company had decided to discontinue its operation in February, 2011 since the operation was not viable and the same has shown separately as Discontinuing Operation).

c. Others

d. Discontinuing Operation : Application Polymer Products discontinued in February, 2011 as referred above in 'b'.

ii) In respect of Secondary Segment information, the Company has identified its Geographical Segments as:

a. Within India, and

b. Outside India.

# NOTES TO THE CONSOLIDATED ACCOUNTS

**iii) The Financial Information about the primary business segments is presented in the table given below:**

(₹ in million)

| | Particulars | Agri Products | Performance Polymers | Others | Discontinuing operation | Total |
|---|---|---|---|---|---|---|
| | | 2011 | | | | |
| 1) | **Revenue** | 2,621.58 | 2,777.94 | 22.32 | 368.92 | 5,790.76 |
| | Less: Excise Duty on Sales | 8.27 | 207.61 | - | 34.98 | 250.86 |
| | **Net Sales** | **2,613.31** | **2,570.33** | **22.32** | **333.94** | **5,539.90** |
| 2) | **Segments Result** | 273.63 | 294.17 | 5.94 | (78.83) | 494.91 |
| | Less : Interest (Net) | | | | | 6.64 |
| | Other Un-allocable Expenditure (net of Un-allocable Income) | | | | | 84.20 |
| | **Total Profit/(Loss) Before Tax** | **273.63** | **294.17** | **5.94** | **(78.83)** | **404.07** |
| 3) | **Capital Employed** | | | | | |
| | (Segment Assets-Segment Liabilities) | | | | | |
| | Segments Assets | 1,331.49 | 1,602.96 | 101.37 | 72.09 | 3,107.91 |
| | Add: Common Assets | | | | | 806.46 |
| | **Total Assets** | **1,331.49** | **1,602.96** | **101.37** | **72.09** | **3,914.37** |
| | Segments Liabilities | 227.28 | 510.18 | 78.05 | 38.17 | 853.68 |
| | Add: Common Liabilities | | | | | 133.94 |
| | **Total Liabilities** | **227.28** | **510.18** | **78.05** | **38.17** | **987.62** |
| | Segments Capital Employed | 1,104.21 | 1,092.78 | 23.32 | 33.92 | 2,254.23 |
| | Add: Common Capital Employed | | | | | 672.52 |
| | **Total Capital Employed** | **1,104.21** | **1,092.78** | **23.32** | **33.92** | **2,926.75** |
| 4) | **Segment Capital Expenditure** | 27.02 | 116.49 | 1.60 | - | 145.11 |
| | Add: Common Capital Expenditure | | | | | 1.03 |
| | **Total Capital Expenditure** | **27.02** | **116.49** | **1.60** | **-** | **146.14** |
| 5) | **Depreciation & Amortization (Net)** | 20.91 | 24.68 | 1.18 | 9.04 | 55.81 |
| | Add: Common Depreciation | | | | | 1.72 |
| | **Total Depreciation & Amortization** | **20.91** | **24.68** | **1.18** | **9.04** | **57.53** |

**iv) Secondary Segments (Geographical Segments) :**

(₹ in million)

| | Particulars | 2011 |
|---|---|---|
| a) | **Sales Revenue by Geographical Location of Customers (Net of Excise Duty)** | |
| | Within India | 4912.29 |
| | Outside India | 627.61 |
| | **Total** | **5539.90** |
| b) | **Carrying Amount of Segment Assets** | |
| | Within India | 3914.37 |
| | Outside India | - |
| | **Total** | **3914.37** |
| c) | **Capital Expenditure** | |
| | Within India | 146.14 |
| | Outside India | - |
| | **Total** | **146.14** |
| d) | **Sales Revenue by Geographical Market** | |
| | India | 4912.29 |
| | Americas & Europe | 298.64 |
| | China | 116.43 |
| | Asia & Others | 212.54 |
| | **Total** | **5539.90** |

# NOTES TO THE CONSOLIDATED ACCOUNTS

**Notes:**

1) The Company has disclosed Business Segment as the Primary Segment.
2) Segments have been identified and reported taking into account the nature of products and services, the differing risk and returns, the organization structure and the internal financial reporting systems.
3) The Segment Revenues, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

**15 A. Related Party Disclosures**

**1) Related parties with whom transactions have taken place during the year:**

a) **Key Management Personal: Mr. Ananda Mukherjee.**

b) **Enterprise in which Directors and Major Shareholders of the Company are interested:** Jubilant Life Sciences Limited (formerly Jubilant Organosys Limited), Jubilant Life Sciences (Shanghai) Ltd. China (formerly Jubilant Organosys (Shanghai) Ltd. China), Jubilant Life Sciences (USA) Inc. USA (formerly Jubilant Organosys (USA) Inc. USA.) Jubilant Enpro Private Limited.

c) **Others:** Pace Marketing Specialities Limited Officer's Superannuation Scheme (Trust), VAM Employees Provident Fund Trust, VAM Officers Superannuation Trust.

**2) Transactions with related parties during the year:**

(₹ in million)

| Particulars | Key Management Personnel | Enterprise in which Directors and Major Shareholders of the Company are interested | Others |
|---|---|---|---|
| Purchase of Raw Material, Finished Goods & Utilities (Note 1) | | 350.11 | |
| Sale of Goods ,Utilities & Services (Note 2) | | 45.76 | |
| Current Account Dr Balance (Note 3) | | 37.69 | |
| Investments in Equity Share Capital (Note 4) | | 0.10 | |
| Receiving of Services from (Note 5) | | 14.62 | |
| Payment of Rent to (Note 6) | | 15.90 | |
| Contribution towards Provident Fund (Note 7) | | | 11.64 |
| Contribution towards Superannuation Fund (Note 8) | | | 3.18 |
| Remuneration and Related Expenses | 6.05 | | |

**Notes:**

1) Includes Purchase of Raw Material, Finished Goods & Utilities from Jubilant Life Sciences Limited (formerly Jubilant Organosys Limited) of ₹350.11 million.

2) Includes Sale of Goods, Utilities & Services to:
   - Jubilant Life Sciences (Shanghai) Ltd. China (formerly Jubilant Organosys (Shanghai) Ltd. China) of ₹2.72 million.
   - Jubilant Life Sciences (USA) Inc. USA (formerly Jubilant Organosys (USA) Inc. USA) of ₹10.56 million.
   - Jubilant Life Sciences Limited (Formerly Jubilant Organosys Limited) of ₹32.48 million.

3) Includes Current Account Dr. Balance with Jubilant Life Sciences Limited (formerly Jubilant Organosys Limited) of ₹37.69 million.

4) Includes investment in Equity Share Capital:
   - Equity Shares of Jubilant Agri And Retail (P) Ltd (formerly Canonical Infotech Solutions (P) Ltd.) of ₹0.10 million (10,000 Equity Shares of ₹10/- each) had been purchased from Jubilant Enpro (P) Limited.

5) Services received from Jubilant Life Sciences Limited (formerly Jubilant Organosys Limited) of ₹14.62 million.

# NOTES TO THE CONSOLIDATED ACCOUNTS

6) Payment of Rent to Jubilant Life Sciences Limited (formerly Jubilant Organosys Ltd) of ₹15.90 million.

7) Includes Contribution towards Provident Fund to VAM Employees Provident Fund Trust of ₹11.64 million.

8) Includes Contribution towards Superannuation Fund to VAM Officers Superannuation Trust of ₹1.36 million and ₹1.82 million to Pace Marketing Specialities Limited Officer's Superannuation Scheme (Trust).

**15. B. Promoter Group**

**Group companies**

The Company is controlled by Mr. Shyam S. Bhartia/Mr. Hari S. Bhartia group ("the promoter group"), being a group as defined in the Monopolies and Restrictive Trade Practices Act, 1969.

The persons constituting the promoter group include individuals and corporate bodies who which jointly exercise, and are in a position to exercise, control over the Company. The names of these individuals and bodies corporate are Ms. Kavita Bhartia, Mr. Priyavrat Bhartia, Mr. Shamit Bhartia, Jubilant Capital Private Limited, Jubilant Securities Private Limited, Jaytee Private Limited, Jubilant Retail Holding Private Limited, Vam Holdings Limited, Nikita Resources Private Limited, Torino Overseas Limited, Cumin Investments Limited, Rance Investments & Holdings Limited, Jubilant Infrastructure Limited, Jubilant Life Sciences Limited (formerly Jubilant Organosys Limited), Jubilant Foodworks Limited, Asia Healthcare Development Limited, Jubilant Clinsys Limited (formerly Clinsys Clinical Research Limited), Jubilant Biosys Limited, Jubilant Chemsys Limited, Jubilant First Trust Healthcare Limited, Jubilant DraxImage Limited (formerly Draximage India Limited), Jubilant Innovation (India) Limited, Cadista Holdings Inc., Jubilant Cadista Pharmaceuticals inc. (formerly Cadista Pharmaceuticals inc.), Colvant Sciences, Inc., Jubilant Life Sciences Holdings, Inc. (formerly Clinsys Holdings inc.), Jubilant Clinsys Inc. (formerly Clinsys Clinical Research, Inc.), HSL Holdings Inc., Hollister-Stier Laboratories LLC, DAHI LLC, Jubilant Life Sciences (USA) Inc. (formerly Jubilant Organosys (USA) Inc.), Draximage LLC, Jubilant Draximage (USA) Inc. (formerly DSPI Inc., USA), Deprenyl Inc., USA, Draxis Pharma LLC, Draxis Pharma Inc., Jubilant Discovery Services Inc., DAHI Animal Health (UK) Limited, Draximage (UK) Limited, Jubilant Pharma Pte. Limited, Jubilant Life Sciences International Pte. Limited (formerly Jubilant Organosys International Pte. Limited), Jubilant Biosys (Singapore) Pte. Limited, Jubilant Drug Development Pte. Limited, Jubilant Innovation Pte. Limited, Jubilant Life Sciences (Shanghai) Limited (formerly Jubilant Organosys (Shanghai) Limited), Draximage Limited, Cyprus, Draximage Limited, Ireland, Jubilant Pharma N.V., Jubilant Pharmaceuticals N.V., PSI supply N.V., Jubilant Innovation (BVI) Limited, Jubilant Life Sciences (BVI) Limited (formerly Jubilant Organosys (BVI) Limited), Jubilant Biosys (BVI) Limited, Jubilant DraxImage Inc. (formerly Draxis Specialty Pharmaceuticals Inc.), 6963196 Canada Inc., 6981364 Canada Inc., Jubilant Innovation (USA) Inc., Jubilant Bhartia Foundation, Jubilant Enpro Private Limited, Enpro Exports Private Limited, Enpro Oil Private Limited, Tower Promoters Private Limited, U C Gas & Engineering Limited, Asia Infrastructure Development Company Private Limited, Western Drilling Contractors Private Limited, Jubilant Realty Private Limited, Jubilant Properties Private Limited, India Country Homes Private Limited, Jubilant E & P Ventures Private Limited, Jubilant Retail Private Limited, Jubilant Motorworks Private Limited, Jubilant Retail Consolidated Private Limited, B & M Hot Breads Private Limited, GPS Stock Brokers Private Limited, Dyno Enpro Oil Field Chemicals Private Limited, Jubilant Oil and Gas Private Limited, Jubilant Offshore Drilling Private Limited, Jubilant Energy (Kharsang) Private Limited, Jubilant Energy (NEPL-V) Private Limited, Focus Brands Trading India Private Limited, and Jubilant Life Sciences (Switzerland) AG, Schaffhausen.

**16. Earnings Per Share (EPS)**

| For the year ended 31st March, | | 2011 |
|---|---|---|
| I. Profit Computation for Basic Earnings Per Share of ₹10/- each | | |
| Net Profit as per Profit & Loss Account available for Equity Shareholders | ₹ in million | 286.05 |
| II. Weighted average number of equity shares for Earnings Per Share computation | | |
| (A) For Basic Earnings Per Share* | Nos | 8014056 |
| (B) For Diluted Earnings Per Share* | Nos | 8014056 |
| III. Earnings Per Share (Weighted Average) | | |
| Basic | ₹ | 35.70 |
| Diluted | ₹ | 35.70 |

*Includes 7,964,056 equity shares of ₹10 each are allotted and issued in pursuant to Scheme of Amalgamation & Demerger for consideration other than cash. In line with AS-20, as the economic benefit transferred to the company w.e.f. April 1, 2010, the EPS has been considered accordingly in line with AS-20, though shares were allotted on 27th November, 2010.

# NOTES TO THE CONSOLIDATED ACCOUNTS

**17.** Previous Year's figures have not been given as there was no subsidiary in that year.

**Signatures to Schedule "A" to "N" forming part of the Consolidated Balance Sheet and Consolidated Profit and Loss Account.**

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In terms of our review report of even date attached.

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

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

Place : Noida
Date : 29th April, 2011

For and on behalf of the Board

**Hari S. Bhartia**
Chairman

**Amit Khurana**
Company Secretary

**Sandeep Kr. Shaw**
Chief Financial Officer

**Ananda Mukherjee**
CEO & Whole Time Director

# DETAILS OF SUBSIDIARY COMPANY (2010-11)

(₹ in million)

| | | Jubilant Agri and Retail Private Limited |
|---|---|---|
| (a) | Capital | 0.50 |
| (b) | Reserve and Surplus (adjusted for debit balance in Profit & Loss Account where applicable) | (0.03) |
| (c) | Total Assets (Fixed Assets+ Current Assets) | 0.48 |
| (d) | Total Liablities (Debts+Current Liabilbiteis) | 0.01 |
| (e) | Details of Invsetments (except in case of investment in subsidiaries) | - |
| (f) | Turnover (including Other income) | - |
| (g) | Profit/(loss) before Taxation | (0.03) |
| (h) | Provision for Taxtion | - |
| (i) | Profit/(loss) After Taxation | (0.03) |
| (j) | Dividend | - |

**Notes:**

(1) Jubilant Agri and Retail Private Limited became subsidiary during the year.

(2) As resolved by the Board of Directors vide their resolution dated 29th April, 2011, and in conformity with general circular no. 2/2011 dated 8th February, 2011 issued by Ministry of Corporate Affairs, the Balance Sheet, Profit and Loss Account, Directors' Report and Auditors' Report of the Jubilant Agri and Retail Private Limited, the subsidiary company and other documents required to be attached as per Section 212(1) of the Companies Act, 1956 are not being attached to the accounts of the Company.

(3) The annual accounts of the subsidiary will also be kept open for inspection by any investor in the Company's Head Office and that of the subsidiary concerned.

# NOTES

# **Corporate** Information

**Registered Office**
Bhartiagram, Gajraula,
Distt. Jyotiba Phoolay Nagar 244223
Uttar Pradesh, India
Tel. : +91-5924-252351-60

**Corporate Office**
1A, Sector 16A, Noida 201301
Uttar Pradesh, India
Tel. : +91-120-2516601-11
Fax : +91-120-4223876

**Statutory Auditors**
K. N. Gutgutia & Co.
11K, Gopala Tower,
25, Rajendra Place,
New Delhi 110008, India

**Cost Auditors**
J K Kabra & Co.
552/1B, Arjun Street,
Main Vishwas Road,
Vishwas Nagar,
Delhi 110032, India

**Internal Auditors**
Ernst & Young Pvt. Ltd.
Golf View Tower B,
Sector Road, Sector 42,
Gurgaon 122022,
Haryana, India

**Company Secretary**
Amit Khurana

**Registrar and Share Transfer Agent**
Alankit Assignments Ltd.
Alankit House,
2E/21, Jhandewalan Extension,
New Delhi 110055, India
Tel : +91-11-23541234, 42541234
email: rta@alankit.com

**Bankers**
Corporation Bank
ING Vysya Bank Ltd.

**Jubilant Industries Limited**

Regd Office : Bhartiagram, Gajraula, Distt. Jyotiba Phoolay Nagar - 244223, Uttar Pradesh, India
Corporate Office : 1A, Sector 16A, Noida - 201301, Uttar Pradesh, India
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