JUBILANT PHARMA LIMITED

(Company Registration Number 200506887H)

SUPPLEMENTAL INFORMATION

September 24, 2018

TABLE OF CONTENTS

DISCLAIMER

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART, IN OR INTO THE UNITED STATES, CANADA, AUSTRALIA, THE PEOPLE'S REPUBLIC OF CHINA (EXCLUDING THE HONG KONG SPECIAL ADMINISTRATIVE REGION) OR JAPAN OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

This document has been prepared by one of our material subsidiaries, Jubilant Pharma Limited (the "**Company**"). This document is for information only and does not constitute or form part of an offer or sale of, or solicitation or invitation of any offer to acquire, purchase or subscribe for any securities of the Company nor shall it or any part of it form the basis of, or be relied on in any connection with, any contract, commitment or investment decision whatsoever. This document is prepared solely for reference and neither this document nor any part thereof may be (a) used or relied upon by any party for any other purpose; (b) copied, photocopied, duplicated, photographed or otherwise reproduced in any form or by any means; or (c) forwarded, redistributed, passed on or otherwise disseminated or quoted, directly or indirectly, to any person. This document is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, transmission, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction. The information in this document is a summary only and does not purport to contain all of the information that may be required to evaluate any potential transaction by the Company. The information in this document is provided as at the date of this document (unless otherwise indicated) and is subject to change without notice, its accuracy is not guaranteed and has not been independently verified, and it may not contain all material information concerning the Company and its subsidiaries (the "**Group**"). The Company and its advisers do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information and opinions contained herein or otherwise made available nor as to the reasonableness of any assumption contained herein, and any liability therefore (including in respect of direct, indirect or consequential loss or damage) is expressly disclaimed. Nothing contained herein is, or shall be relied upon as, a promise or representation, whether as to the past or the future and no reliance, in whole or in part, should be placed on the fairness, accuracy, completeness or correctness of the information and opinions contained herein. Further, nothing in this document should be construed as constituting legal, business, tax or financial advice.

This document contains forward-looking statements, which are statements that are not historical facts, including but not limited to statements about our beliefs and expectations. Forward-looking statements generally can be identified by the use of forward-looking terminology, such as "may", "will", "could", "expect", "anticipate", "intend", "plan", "believe", "seek", "estimate", "project" and similar terms and phrases. These statements include, among others, statements regarding the Group's business strategy, future financial position and results, and plans and objectives of the Group's management for future operations. These statements are based on the Group's management's beliefs and assumptions, which in turn are based on currently available information. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors, many of which are beyond the Group's control, including (without limitation): changes in global economic, political and social conditions in the countries in which the Group operates, transacts business or has interests; the Group's strategies, plans, objectives and goals, and the Group's ability to successfully implement the same; actions by regulators and increased regulatory burdens in the countries in which the Group operates, transacts business or has interests; the continued success of the Group's business model; accidents, natural disasters, the outbreak of diseases and business interruptions occurring in the countries in which the Group operates, transacts business or has interests or globally; the Group's ability to successfully compete with other pharmaceutical companies; cost overruns or delays in launching the Group's new projects, products or ventures; the availability and terms of external financing; the availability of resources (including but not limited to, labour, capacities, energy and raw materials); the Group's ability to accurately forecast key trends and changes in the North American, European, Indian and wider global market; changes in laws, regulations, taxation or accounting standards practices that affect the Group's resources, products and operations; changes in exchange controls, import controls or import duties, levies or taxes, in the markets in which the Group operates, transacts business or has interests; changes in the Group's relationship with the governments of the countries in which the Group operates, transacts business or has interests; the Group's business and operating strategies and the Group's ability to implement such strategies; the Group's ability to ensure continuity of senior management and the Group's ability to attract and retain key personnel; the Group's ability to service its debts and comply with relevant covenants; the Group's ability to maintain adequate internal controls over financial reporting; instances of product recalls; the risks associated with manufacturing and distribution of the Group's products and the regulatory requirements related thereto; the Group being subject to extensive government regulation and the Group's potential inability to comply with those regulations; the risks associated with the Group's

investment in additional capacity, including new lines and/streams and plants at the Group's existing facilities; the Group's ability to keep logistical and other business costs to a minimum; changes in prices or demand for the services and products the Group provides in the markets in which it operates, transacts business or has interests; the risks of increased costs in technologies related to the Group's operations and the uncertainty of such technologies producing expected results; the Group's inability to protect its intellectual property and the risk of claims that the Group has infringed on the intellectual property of others; changes in the value of the U.S. dollar against other major global currencies and other currency changes; the ability of third parties to perform in accordance with contractual terms and specifications; and acquisitions and divestitures which the Group may undertake. Predictions, projections or forecasts of the economy or economic trends of the markets are not necessarily indicative of the future or likely performance of the Group. Past performance is not necessarily indicative of future performance. Undue reliance should not be placed on these forward-looking statements, which are based on the Company's current view of future events. No assurance can be given that such future events will occur, that such projections will be achieved, or that such assumptions are correct. Information contained in this document is accurate as of the date of such document and the Company and its advisers shall not undertake to update or revise any information on the basis of any subsequent developments, information or events, or otherwise.

This document contains certain non-IFRS and non-SFRS(I) measures, including EBITDA and EBITDA margin. The measures have been used by management as supplemental measures of the Company's performance and are not required by, or presented in accordance with, IFRS and SFRS(I). Further, these non-IFRS and non-SFRS(I) measures are not measures of financial performance or liquidity under IFRS and SFRS(I) and should not be considered alternatives to result from operating activities, profit before tax, profit for the year or any other performance measure derived in accordance with IFRS and SFRS(I) or as an alternative to cash flow from operating activities. These non-IFRS and non-SFRS(I) measures should not be considered in isolation from, or as a substitute for, analysis of the financial condition or results of operations of the Group, as reported under IFRS and SFRS(I).

This document also contains certain statistical data and analyses (the "**Statistical Information**") which have been prepared in reliance upon information furnished by the Company and/or third-party sources for which the Company has either obtained or is in the process of obtaining the necessary consents for use. Numerous assumptions were used in preparing the Statistical Information, which assumptions may or may not appear herein. As such, no assurance can be given as to the Statistical Information's accuracy, appropriateness or completeness in any particular context, nor as to whether the Statistical Information and/or the assumptions upon which they are based reflect present market conditions or future market performance. Moreover, any information from third party sources contained in these materials may not be used or relied upon by any other party, or for any other purpose, and may not, directly or indirectly, be reproduced, disseminated or quoted without the prior written consent of such third party.

By viewing all or part of this document, you acknowledge and agree to be bound by the limitations and restrictions described herein. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. Certain numbers, including percentages, have been rounded for convenience. Any discrepancies in the tables included in this document between the listed amounts and their totals are due to rounding.

CERTAIN DEFINED TERMS AND CONVENTIONS

In this document, unless otherwise specified or the context otherwise requires, references to "$", "US$", "U.S. dollars" and "dollars" are to United States dollars, references to "S$" or "Singapore dollars" or "Singapore cents" are to the legal currency of the Republic of Singapore, references to "Rs.", "rupee", "rupees", "Indian rupee" or "Indian rupees" are to the legal currency of India and references to "CAD" or "Canadian dollars" are to the legal currency of Canada. References to a particular "financial" year are to the financial year ended March 31 of such year.

In this document, references to "U.S." or "United States" are to the United States of America, its territories and its possessions. References to "Singapore" are to the Republic of Singapore. References to "India" are to the Republic of India.

The information on our website or any website directly or indirectly linked to our website or the websites of any of our related corporations or other entities in which we may have an interest is not incorporated by reference into this document and should not be relied on.

In this document, the term "Company" refers to Jubilant Pharma Limited on a standalone basis, the term "Parent" or "JLL" refers to Jubilant Life Sciences Limited on a standalone basis, and the terms "Group", "we", "our", "us" and "our group" refer to the Company and its consolidated subsidiaries and subsidiary entities (including partnerships), as the context requires. All references to "our Board of Directors" or "our Directors" are to the board of directors of Jubilant Pharma Limited.

In this document, the definitions and explanation of technical terms found in this section and the section entitled "*Glossary of Technical Terms*" apply throughout where the context so admits.

References to "nuclear medicine" and "radiopharmaceuticals" are used interchangeably, unless the context indicates otherwise.

Our customers or, as the case may be, our suppliers named in this document are generally referred to, in this document, by their trade names. Our contracts with these customers or, as the case may be, these suppliers, are typically with an entity or entities in that customer's or, as the case may be, that supplier's group of companies.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa.

Any reference in this document to any statute is to that statute or to any legislation or enactment refers to the legislation or enactment as amended or re-enacted unless the context otherwise requires.

BUSINESS

Overview

We are a global integrated pharmaceutical company offering a wide range of products and services to our customers across geographies. We organize our business into two segments, namely, Specialty Pharmaceuticals, comprising radiopharmaceuticals (including radiopharmacies), contract manufacturing of sterile injectables and non-sterile products ("**CMO**") and allergy therapy products, and Generics & APIs, comprising solid dosage formulations and active pharmaceutical ingredients ("**APIs**"). Specialty Pharmaceuticals accounted for close to two-thirds of our total revenue from operations for the financial year ended March 31, 2018, and Generics & APIs accounted for the remainder. As at June 30, 2018, we supplied our products and services to customers in over 85 countries. North America, where a majority of our customers are based, accounted for a significant portion of our total revenue from operations for the financial year ended March 31, 2018. We have four manufacturing facilities in North America and two in India, coupled with research and development ("**R&D**") centers in North America and India. In addition, we have a distribution network of more than 50 radiopharmacies in the United States.

- *Specialty Pharmaceuticals*

  - *Radiopharmaceuticals* — We develop, manufacture, distribute and market diagnostic imaging and therapeutic radiopharmaceutical products. According to Frost & Sullivan, we are the third largest radiopharmaceutical manufacturer in the nuclear medicine industry in the United States based on revenue. We have a strong portfolio of differentiated products used in the diagnosis, treatment and monitoring of various diseases. Clinical applications for our radiopharmaceutical products include cardiology, oncology, endocrinology (thyroid diagnostic imaging and therapy), pulmonology (lung perfusion and ventilation scans), renal (kidney), neurologh (brain), infection imaging (leukocyte labeling) and bone imaging. Our radiopharmaceuticals business has a well-established base in North America and is also expanding in Latin America, Europe and Asia. In North America, we have a United States Food and Drug Administration ("**USFDA**") and Health Canada approved manufacturing facility located in Kirkland, Montreal, Canada for production of our radiopharmaceutical hot products ("**JDI Montreal Facility**"), and a nationwide commercial radiopharmacy distribution network in the United States. We acquired the network in September 2017 to strengthen our radiopharmaceutical distribution capabilities. According to Frost & Sullivan, our distribution network is the second largest centralized commercial radiopharmacy network in the United States with a national footprint of more than 50 radiopharmacies across 22 states. Our radiopharmaceutical customers include third party commercial radiopharmacy networks and our own radiopharmacies, group purchasing organizations ("**GPOs**") and regional networks, standalone imaging centers, hospitals and cardiologists in the United States, leveraging our radiopharmaceutical capabilities for end-to-end customer service in the United States.

  - *Contract Manufacturing of Sterile Injectables and Non-Sterile Products (CMO)* — We are an integrated contract manufacturer with a broad range of capabilities, which includes developing and producing sterile injectables and non-sterile products. We believe we have predictability and stability in our CMO business underpinned by long-term contracts we have entered into with such customers. We focus on the delivery of clinical and commercial fill and finish services for sterile parenteral pharmaceuticals, utilizing both liquid and lyophilization capabilities, and we also manufacture sterile ampoules, ointments, creams, including ophthalmic creams, and liquids and non-sterile ointments, creams and liquids. Our key markets for sterile injectables and non-sterile products are North America and Europe. Our CMO manufacturing facilities are located in Spokane, Washington, United States ("**Spokane Facility**") and Kirkland, Montreal, Canada ("**CMO Montreal Facility**"), both of which have obtained USFDA and Health Canada certifications for their manufacturing processes. Our customer base includes leading innovative pharmaceutical companies in the United States, as well as other companies and organizations in the pharmaceutical and biotechnology industries in North America,

Europe and Asia. We contract manufacture cold kits at our CMO Montreal Facility to support our radiopharmaceutical products.

- *Allergy Therapy Products* — We provide allergy therapy products to the allergy specialty industry with a product offering range of over 200 different allergenic extracts and standard allergy vaccine mixtures as well as six different insect venom products for the treatment of allergies to insect stings. According to Frost & Sullivan, we are one of the top three players in the allergenic extract market in the United States with a market share of 17.6% and are currently the sole producer and supplier of venom products for the treatment of allergies in the United States. We produce and market a number of products under the "HollisterStier" brand. Our allergy therapy products business line has traditionally focused on North America as our key market, where we believe we have generated significant brand loyalty due to the quality of our products and long-standing operating history. We also market some of our key products such as allergenic extracts and venom extracts in Canada, Europe, Australia and New Zealand through distributors. Our allergy therapy products are manufactured at our Spokane Facility. The primary target user base of our allergy therapy products are allergists, ear, nose and throat physicians, general physicians and hospital-based clinics across North America.

- *Generics & APIs*

  - *Solid Dosage Formulations* — We are engaged in the development, manufacture, sale and distribution of prescription generic pharmaceutical products principally in the United States, and with a growing presence in Europe, Canada, Japan, Australia, as well as the rest of the world. We focus primarily on the manufacture and sale of solid dosage formulations for Cardiovascular System ("**CVS**"), Central Nervous System ("**CNS**"), Gastro-Intestinal ("**GI**") and anti-allergy therapeutic categories. According to Frost & Sullivan, we are one of the market leaders in the United States based on our market share of several key products. As at June 30, 2018, in the United States, we had 28 commercialized solid dosage formulations available. We also have a strong pipeline of products pending approval in a number of jurisdictions. For example, in the United States market, since we commenced operations through to June 30, 2018, we have made a total of 95 abbreviated new drug application ("**ANDA**") filings for solid dosage formulations, of which 35 are pending approval. Our solid dosage formulations business derives benefit from backward integration into our API business and we have two manufacturing facilities for solid dosage formulations, one located in Salisbury, Maryland, United States ("**Salisbury Facility**") and the other located in Roorkee, Uttarakhand, India ("**Roorkee Facility**"), both of which are USFDA and Health Canada approved. In the United States, three major buying groups, accounted for approximately 78.0% of our solid dosage formulations revenues.

  - *Active Pharmaceutical Ingredients (APIs)* — We develop and produce APIs in the therapeutic areas of the CVS, CNS, GI, anti-infectives and anti-depressants. According to Frost & Sullivan, we are one of the global suppliers for several key API products based on market share. Approximately 80% of our commercialized portfolio is in lifestyle driven therapeutic areas such as CVS and CNS, catering to an increasing incidence of lifestyle-related medical conditions or non-communicable diseases including cardiac ailments and seizures. Our APIs are produced at manufacturing plants in our facility in Nanjangud, Karnataka, India ("**Nanjangud Facility**"). As at June 30, 2018, we had 39 commercialized APIs available globally and had filed 93 Drug Master Files ("**DMFs**") in the United States. Our APIs are exported worldwide, into emerging as well as developed markets. Our key markets are North America, South America, Europe, Japan, Korea, Commonwealth of Independent States (CIS) countries, the Middle East and Australia. According to our internal estimates, we believe approximately 60.0% of our sales are to regulated markets, namely, the United States, Europe and Japan. Our APIs are primarily sold to manufacturers of formulations of generic drugs and used in our solid dosage

formulations business line. Approximately 25% of our APIs we produce are used in-house for the manufacturing of solid dosage formulations by the Group.

The following table sets forth a breakdown of our revenue from operations by business lines for the periods indicated:

	Financial Year Ended March 31						Three Months Ended June 30			
	2016		2017		2018		2017		2018	
	(US$ thousands)	(%)	(US$ thousands)	(%)	(US$ thousands)	(%)	(US$ thousands)	(%)	(US$ thousands)	(%)
Specialty Pharmaceuticals										
Radiopharmaceuticals	108,685.6	24.8	121,602.4	26.4	265,060.6	42.8	39,415.7	31.5	88,377.2	50.1
Contract Manufacturing of Sterile Injectables and Non-Sterile Products (CMO)	85,753.6	19.6	88,740.6	19.3	100,863.4	16.3	21,818.9	17.4	22,351.0	12.7
Allergy Therapy Products	32,444.1	7.4	36,350.9	7.9	43,598.8	7.0	11,527.2	9.2	11,233.8	6.4
Sub-total Specialty Pharmaceuticals	226,883.4	51.8	246,694.0	53.6	409,522.9	66.1	72,761.9	58.1	121,962.1	69.1
Generics & APIs										
Solid Dosage Formulations	124,521.0	28.4	121,992.8	26.5	123,540.8	20.0	28,928.1	23.1	35,810.9	20.3
Active Pharmaceutical Ingredients (APIs)	86,704.5	19.8	91,885.4	20.0	86,101.9	13.9	23,443.4	18.7	18,699.2	10.6
Sub-total Generics & APIs	211,225.5	48.2	213,878.1	46.4	209,642.7	33.9	52,371.5	41.9	54,510.1	30.9
Revenue from operations (net)	**438,108.9**	**100.0**	**460,572.1**	**100.0**	**619,165.6**	**100.0**	**125,133.3**	**100.0**	**176,472.2**	**100.0**

Competitive Strengths

Leading market positions across business lines, with high barriers to entry in specialty pharmaceuticals

We enjoy global and regional leading market positions across our business lines as follows:

Radiopharmaceuticals. According to Frost & Sullivan, we are one of the leading integrated players in the U.S. market that develops, manufactures, distributes and markets radiopharmaceutical products and are the third largest radiopharmaceutical manufacturer in the nuclear medicine industry in the United States based on revenue. We believe we are well-positioned in the high value niche segment of radiopharmaceuticals, offering quality diagnostic imaging and therapeutic radiopharmaceutical products. We specialize in lung, thyroid, bone and cardiac imaging products as well as thyroid disease therapy. For diagnostics, our key products include MAA and DTPA, both of which we have a 100% market share in the United States, according to Frost & Sullivan. For therapeutics, our key products include Iodine-131 ("**I-131**"), of which we are one of the only three manufacturers globally, according to Frost & Sullivan. We believe our radiopharmaceuticals business line also benefits from significant barriers to entry characterizing this specialty segment due to the capital-intensive nature of the business, extensive regulatory and licensing requirements and technical expertise coupled with distribution capabilities, as well as current market concentration.

In order to strengthen our centralized commercial radiopharmaceutical distribution network, we acquired a radiopharmacy network in the United States with a national footprint of more than 50 radiopharmacies across 22 states in September 2017. As a result, according to Frost & Sullivan, we operate the second largest commercial radiopharmacy network in the United States, and are one of a limited number of players in the radiopharmaceuticals segment that have both radiopharmaceutical manufacturing and distribution capabilities. We believe this pharmacy distribution network and expanded geographic coverage enhances our ability to secure contracts with customers because the short half-lives of products and customers' preference for just-in-time ordering, compared to bulk orders, make it otherwise difficult for radiopharmaceutical manufacturers to distribute directly from manufacturing facilities. Through our nationwide U.S. footprint with direct access to hospital networks, we are able to leverage our radiopharmaceutical manufacturing and distribution capabilities to deliver end-to-end customer service in the United States.

Contract Manufacturing of Sterile Injectables and Non-Sterile Products (CMO). We are fully integrated, providing a broad range of capabilities including sterile liquids and lyophilized products, ointment cream and lotions (OCL) and biologics. We serve seven out of the top 20 pharmaceutical companies globally (based on revenue, according to Frost & Sullivan). We have an established market position in the sterile injectables and non-sterile products markets globally, with deep and long-term relationships with our top 10

customers, who include some of the leading innovative pharmaceutical companies. For example, as at June 30, 2018, each of our top 10 customers have been our customer for at least five years, of which six have been our customers for at least 10 years. We believe we have predictability in our CMO business as supported by our consistently strong order book with recurring orders from long-standing customers and as a result of long-term contracts we have entered into with certain customers. With our North American-based manufacturing operations, we benefit from being geographically close to our customers, a majority of which are located in North America. We expect to further benefit from barriers to entry in this segment, including the level of technical expertise required to develop products, obtain licensing and regulatory approvals and manufacture of such products. In particular, there is a growing demand for sterile injectables capabilities, which generally involve complex processes, and we believe we are one of a limited number of manufacturers with the requisite know-how. Accordingly, we expect to be able to continue to increase our market share for sterile injectables and non-sterile products as a result of our proven regulatory track record with the USFDA, Health Canada, Medicines and Healthcare Products Regulatory Agency in the United Kingdom ("**UKMHRA**"), Korea Food and Drug Administration ("**KFDA Korea**"), Agência Nacional de Vigilância Sanitária of Brazil ("**ANVISA Brazil**") and Pharmaceuticals and Medical Devices Agency in Japan ("**PMDA Japan**"), our expertise in multi-mode contract manufacturing and our broad range of capabilities.

Allergy Therapy Products. We are one of the leading North American allergenic immuno therapy companies according to Frost & Sullivan, with 90 years of experience, and a service provider to allergists and the medical community, with a product range of over 200 different allergenic extracts, six insect venom products and exclusive skin diagnostic testing devices. We also distribute our products to other markets including Canada, Europe, Australia and New Zealand through distributors. According to Frost & Sullivan, we are one of the top three players in the allergenic extract market in the United States with a market share of 17.6% and are currently the sole producer and supplier of venom products for the treatment of allergies in the United States. In addition, we expect to benefit from barriers to entry as allergy therapy products operate in a niche U.S. allergen extract market and most products in this market are biotechnology products with grandfather status requiring a New Drug Application ("**NDA**") from the USFDA for any new approval for manufacturing and commercialization. Our allergy therapy products business line has traditionally focused on North America as our key market, where we believe we have generated significant brand loyalty in respect of the "HollisterStier" brand, due to the quality of our products and long-standing operating history.

Solid Dosage Formulations. According to Frost & Sullivan, we have a strong product portfolio with market leadership in a number of molecules. We focus primarily on the manufacture and sale of solid dosage formulations for CVS, CNS, GI and anti-allergy therapeutic categories. According to Frost & Sullivan, we are one of the market leaders in the United States, based on our market share of several key products. As at June 30, 2018, we had 53 commercialized generic solid dosage formulations products across the United States, Europe, Canada, Australia and the rest of the world. We have capabilities in multiple dosage forms and our solid dosage formulations business derives benefit from backward integration into our API business, supported by our in-house R&D facilities for formulation development, and extensive regulatory filings capabilities and cost effective manufacturing. These capabilities allow us to flexibly target attractive product development opportunities. In the United States market, since we commenced operations through to June 30, 2018, we have made a total of 95 ANDA filings for solid dosage formulations, of which 35 are pending. Additionally, our in-house API capability allows us to better control the development of certain products from formulation through commercialization and provides a stable source of API supply for these products at competitive prices.

APIs. We develop and produce APIs in the therapeutic areas of the CVS, CNS, GI, anti-infectives and anti-depressants. We have a diverse customer base and our APIs are exported worldwide. According to Frost & Sullivan, we are one of the global suppliers based on market share for several key API products, namely, oxcarbazepine (global market share at approximately 30.0%), carbamazepine (global market share at approximately 20.0%), risperidone (global market share at approximately 33.0%), pinaverium (global market share at approximately 20.0%), citalopram (global market share at approximately 18.0%), donepezil (global market share at approximately 16.0%), and meclizine (global market share at approximately 20.0%). We believe our forward integration with our solid dosage formulations business line, focus on developed markets, strong emphasis on cost and in-house R&D helps drive consistent growth and profitability in this business line. In addition, manufacturers of APIs are subject to strict regulation worldwide. For example, regulated markets like the United States and Europe, have high entry barriers in terms of intellectual property rights and regulatory requirements, including facility approvals, which lead to increased time, cost and efforts by our customers in order for them to manufacture and sell their products in such markets. We believe our strong presence and extensive experience operating in highly regulated markets help with customer retention and price realization of our API products.

Diverse sources of revenue with a de-risked business model

We generate diverse sources of revenue with a de-risked business model. Our de-risked business model benefits from a global manufacturing and marketing footprint with diversified product offerings, including products in niche areas, and product sourcing capabilities as well as a broad customer base. We are positioned across a range of geographic locations enabling us to capture different market segments and which offer opportunities for us to achieve higher revenue and margins, while minimizing concentration risk.

Products and Product Supply. As at June 30, 2018, we had a diversified product portfolio including diagnostic and therapeutic radiopharmaceuticals, a broad range of sterile injectables and non-sterile products, over 200 different allergens and standard allergy vaccine mixtures, 53 commercialized generic solid dosage formulations and 39 commercialized APIs sold across markets globally. As a result of our diversified product portfolio, we benefit from diversified revenues between two differentiated business segments. Our Specialty Pharmaceuticals business segment, largely catering to the U.S. market, contributed 66.1% of our total revenues from operations for the financial year ended March 31, 2018, while our Generics & APIs business segment, which focuses on developing limited competition products, contributed 33.9% of our total revenue from operations for the financial year ended March 31, 2018. Our top 10 products by revenue contributed 39.4% and 37.9% of our total revenue from operations for the financial year ended March 31, 2018 and the three months ended June 30, 2018, respectively, and our top product contributed 13.6% and 11.4% to our total revenue from operations for the financial year ended March 31, 2018 and the three months ended June 30, 2018, respectively. No other product represented more than 10% of total revenue from operations for the financial year ended March 31, 2018 and the three months ended June 30, 2018.

Customers. We have a broad and diversified customer base across each of our five business lines. For the financial year ended March 31, 2018 and the three months ended June 30, 2018 we derived 33.9% and 32.3%, respectively, of our total revenue from operations from our top 10 customers (excluding GPOs but including customers purchasing goods and services through such GPOs). For the financial year ended March 31, 2018 and the three months ended June 30, 2018, save for one customer, none of the top 10 customers of the Group contributed more than 5% of the total revenue.

Geographic diversification. We had sales in over 85 countries as at June 30, 2018. Revenues from North America, Europe, Asia and rest of the world contributed 80.1%, 9.3%, 6.4% and 4.2%, respectively, of our revenue from operations for the financial year ended March 31, 2018. We believe that our established footprint in stable and regulated markets such as North America demonstrates the sustainability of our revenue generation and margins going forward.

Manufacturing facilities, R&D centers and radiopharmacy distribution network. We benefit from a global and diversified manufacturing footprint. We have two manufacturing facilities which share a plot of land located in Kirkland, Montreal, Canada, being our JDI Montreal Facility, which produces radiopharmaceuticals, and our CMO Montreal Facility, which produces sterile injectables and non-sterile products. Our Salisbury Facility and Spokane Facility produce solid dosage formulations and sterile injectables, respectively. Our Nanjangud Facility and Roorkee Facility produce APIs and solid dosage formulations, respectively. We are able to manufacture sterile injectables and solid dosage formulations at more than one facility and the location of our facilities provides us with an advantage of enabling us to be closer to our customers in North America. We also have R&D centers in Spokane, Washington, United States, Montreal, Canada and Noida, India, which focus on innovation and provide support for new products. In addition, we have a distribution network of more than 50 radiopharmacies in the United States.

Strong product pipeline with deep R&D capabilities

We believe we are well-positioned for future growth with a strong pipeline of products under development and across all of our business lines. In radiopharmaceuticals, we are focused on high value niche products with diagnostic and/or therapeutic uses. As at June 30, 2018, two of our radiopharmaceutical products have received 505(b)(2) approvals from the USFDA, namely DraxImage® Exametazime and RUBY-FILL®. In addition to DraxImage® Exametazime and RUBY-FILL®, our radiopharmaceuticals business line is in the process of developing certain products such as I-131 mIBG for which we plan to make an NDA filing. In addition, we have four other products in different stages of development for which we plan to make 505(b)(2) filings. For allergy therapy products, subject to the completion of relevant approvals from the United States Department of Agriculture ("**USDA**"), we plan to register our venom products and allergenic extracts for use in animals. We also have a strong pipeline in our Generics & APIs business segment and since we commenced

operations through to June 30, 2018, for solid dosage formulations we have filed 95 ANDAs in the United States, of which 35 ANDAs are pending approval, and for APIs, we have filed 93 DMFs in the United States. In addition, as at June 30, 2018, we have filed 12 ANDAs for sterile injectables, of which two ANDAs are pending approval in the United States. As at June 30, 2018, we have made a a total of 14 product filings in Canada, all of which have been approved, four product filings in Europe, of which one is pending approval and five product filings in the rest of the world, all of which have been approved.

Our captive value chain in our business lines and our large scale of production allow us to build and retain leadership through product innovation and new product launches. Our R&D continues to lead to new, innovative processes and new knowledge-driven products that increase the efficiencies of our production and allow us to capitalize on opportunities for growth in competitive markets. We have R&D centers located in North America and India and, as at June 30, 2018, we employed a team of over 450 R&D professionals with expertise in the development of non-infringing processes for APIs and solid dosage formulations, as well as specialized and/or niche formulations and designs for radiopharmaceuticals and other products, which have been taken to commercialization. As at June 30, 2018, we have been granted patents for intellectual property in various countries for innovation, including 12 active patents granted relating to APIs in a number of different countries, four active patents granted relating to solid dosage formulations in a number of different countries, 81 active patents granted relating to radiopharmaceutical products in a number of different countries and one active patent granted relating to allergy therapy products in the United States giving us in-house radiopharmaceutical distribution capabilities, thereby reducing our reliance on third party radiopharmaceutical distributors.

Global competitive edge due to integrated and efficient manufacturing operations

Integration across the value chain enables us to benefit from cost competitiveness advantages and better capacity utilization due to captive demand. We believe our large scale capacity manufacturing sites in India provide us with cost advantages in terms of wages and raw materials prices as compared to many of our global competitors, as well as economies of scale. In addition, by virtue of our integrated operations, we believe that we enjoy competitive advantages in the form of cost efficiencies by producing across the value chain, thereby reducing our dependence on third parties for supply of feedstock and helps to insulate us from significant volatility in raw materials prices. The APIs from our manufacturing facilities are used for solid dosage formulations under our generics business. For the financial year ended March 31, 2018, approximately 25% of our APIs we produce are used in-house for manufacturing of solid dosage formulations, which accounts for approximately 35% of the APIs used in such solid dosage formulations manufactured by the Group. Such integration between our solid dosage formulations and API business lines, allows us to continuously improve our cost of production. Multiple products in our radiopharmaceuticals and allergy therapy products business lines are manufactured in our CMO facilities. For example, our CMO Montreal Facility is used to manufacture cold products (non-radioactive products that may be later complexed with radioisotopes) such as MAA and MDP for our radiopharmaceuticals business line, and our Spokane Facility is used to manufacture products for our allergy therapy products business line. Additionally, our radiopharmaceutical products are distributed through our 52 radiopharmacies.

We operate our plants in accordance with current good manufacturing practices ("**cGMPs**") and/or other applicable requirements. We currently operate four USFDA approved manufacturing facilities in North America and two USFDA approved manufacturing facilities in India. As the USFDA has heightened standards for and increased its monitoring of pharmaceutical manufacturers significantly over the last decade, we intend to continue to adhere to USFDA regulations to assure our customers of the quality of our manufacturing processes and products. As at June 30, 2018, we employed over 700 quality control employees, over 60 regulatory employees and over 50 technical services employees to support our production of quality products. Three out of six of our manufacturing facilities were most recently inspected by the USFDA in the financial year ended March 31, 2018. Of the remaining sites, the Salisbury Facility was inspected in April 2018, the CMO Montreal Facility was inspected in May 2018 and the Roorkee Facility was inspected in August 2018. In addition to inspections by the USFDA, in the financial year ended March 31, 2018, we were inspected by a number of other regulatory agencies, including, Health Canada (CMO Montreal Facility and Nanjangud Facility), Central Drugs Standard Control Organization ("**CDSCO**") in India (Roorkee Facility), ANVISA Brazil (Spokane Facility) and RP Darmstadt Germany (Roorkee Facility), and in the three months ended June 30, 2018, we were inspected by Health Canada (JDI Montreal Facility).

Demonstrated financial track record with strong revenue growth and attractive profitability profile

Our revenue from operations and profit for the year were US$619.2 million and US$49.1 million, respectively, for the financial year ended March 31, 2018. From the financial year ended March 31, 2016 to the financial year ended March 31, 2018, our EBITDA has grown at a CAGR of 6.5% and our EBITDA and EBITDA Margin for the financial year ended March 31, 2018 was US$151.5 million and 24.5%, respectively. Our share of revenues and EBITDA attributable to Specialty Pharmaceuticals has increased, accounting for 51.8%, 53.6% and 66.1% of our total revenue from operations, and 30.5%, 30.2% and 24.5% of our EBITDA, in the financial years ended March 31, 2016, 2017 and 2018, respectively.

Our focus is on leveraging free cash flows generated from our operations to further strengthen our ability to grow. We believe our business model enables us to benefit from various segments in the pharmaceutical industry and value chain, from R&D, manufacturing through to distribution and sales. We also have synergies within our business lines which arise from our coordinated efforts across businesses and among our business leaders, functional leaders and management, which we believe helps us grow our business and profitability. Due to our long-standing customer relationships, we believe we have predictability and stability in our business underpinned by long-term contracts we have entered into with such customers.

Strong acquisitions and integration capabilities with a proven track record

We have differentiated ourselves by building niche businesses especially in the specialty injectables space and have built our capabilities through successful integration of our past acquisitions. For example, beginning in 2003, we acquired our Nanjangud Facility followed by multiple acquisitions in the United States, Canada and Europe. These have included significant acquisitions over time to establish our various business lines, including Cadista Holdings Inc., a generic pharmaceutical company in 2005, which enabled us to expand our solid dosage formulations capabilities in North America. Our acquisitions in 2008 of HollisterStier Laboratories, a CMO service provider, and HollisterStier Allergy's allergy facility in Spokane helped us leverage an existing brand to gain a foothold in two new business lines, being contract manufacturing of sterile injectables and allergy therapy products. We further expanded our footprint in 2009 by entering into radiopharmaceuticals through our acquisition of Draxis Pharma, Inc.'s radiopharmaceuticals business. In 2015, to further consolidate our ownership and control, we acquired the balance minority stake in Cadista Holdings Inc. Most recently, we acquired substantially all of the assets of Triad Isotopes Inc. and its parent, Isotope Holdings, Inc. (collectively, "**Triad**"), which comprised the radiopharmacy business of Triad in the United States. As a result, according to Frost & Sullivan, we now have the second largest commercial radiopharmacy network in the U.S. comprised of more than 50 radiopharmacies across 22 states. Growth-related acquisitions and investments in facilities, capacity and capabilities across our businesses have positioned us for future growth in areas aligned with anticipated future demand. Each of our significant acquisitions were intended to help us diversify and differentiate our business. We have put together a specialist in-house strategy team who works with the our Chairman and Managing Director, Mr. Shyam S. Bhartia and our Director, Mr. Hari S. Bhartia, both of whom are the promoters of JLL (the "**Promoters**") and the senior management team to support expansion, identify potential acquisition and investment opportunities in the market and evaluate the same on an ongoing basis.

Highly qualified, experienced and dedicated Board of Directors and management team with in-depth industry knowledge and support from listed Parent

Our pharmaceutical business has been built by the Promoters and JLL from 2003 through a series of organic initiatives as well as acquisitions of assets and businesses, including the APIs business in 2003, solid dosage formulations business in 2006, allergy therapy products business in 2008, radiopharmaceuticals business in 2009 and radiopharmacy business in 2017. The Promoters have been in senior positions in JLL and the Company for more than 35 years, and have played and continue to play an active role in driving the long-term strategy and the day-to-day business of JLL and the Company. We also benefit from support from our listed Parent. For example, as part of JLL's effort to increase efficiency and negotiate for better pricing across its group companies, JLL may from time to time enter into contracts with third parties, the cost of which is shared within the JLL Group on an actual cost basis. In addition, we have a distinguished Board of Directors with an average of over 30 years of industry experience as well as science and industry expertise. Our senior management team has an average of 20 years of work experience in the pharmaceutical industry. Our management team comprises professionals from diverse backgrounds including engineering, radiochemistry, pharmacy, nuclear medicine, legal, regulatory and health and safety, many of whom hold advanced educational degrees in their area of expertise. These professionals have generally worked at other pharmaceutical, healthcare

or chemical companies, including large global companies and companies listed in the United States. Our management team is supported and guided by prudent financial policies with respect to leveraging and capital structure, investments, dividends and hedging in addition to corporate governance policies. We believe our experienced management team has contributed to our past success.

Business Strategies

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

Continue to strengthen leadership positions in our key business segments

We have established leadership positions throughout our diversified portfolio in both our business segments, namely (i) Specialty Pharmaceuticals, comprising radiopharmaceuticals (including radiopharmacies), CMO and allergy therapy products and (ii) Generics & APIs, comprising solid dosage formulations and APIs. We intend to continue to strengthen our leadership positions by focusing on the following:

Radiopharmaceuticals. According to Frost & Sullivan, we are the third largest player in the nuclear medicine industry and the leading player in the United States based on market share of certain products, namely, MAA and DTPA. Our goal is to achieve market leadership in the nuclear medicine industry by increasing our market share of RUBY-FILL® generators and RUBY Elution System™ - cardiac position emission tomography ("**PET**") imaging,leveraging our leadership in existing products such as MAA and DTPA as well as focusing on value-based pricing and expanding our product portfolio through the launch of niche and differentiated products, including a few niche 505(b)(1) or 505(b)(2) filings. We also plan to consider expanding our portfolio by in-licensing new products within or adjacent to our current portfolio such as products in the medical device area and the adjacent nuclear medicine supply space. We are also considering increasing our product portfolio of devices and complementary imaging products.

In September 2017, our acquisition of substantially all of the assets of Triad's radiopharmacy business, including its network of radiopharmacies, was part of our strategy to get closer to customers. According to Frost & Sullivan, we are the second largest commercial radiopharmacy network partner in the United States comprised of more than 50 radiopharmacies across 22 states. We aim to build the nation's premier centralized radiopharmacy network. We continue to seek opportunities to expand or enhance the efficiency of our radiopharmaceuticals business by optimizing the coverage of our radiopharmacy network including through further additions and improvements or consolidation of locations. This may include geographic expansion of our radiopharmacies in the United States and Canada by opening new pharmacies, as well as through investments in R&D to introduce new products in radiopharmaceuticals. In this regard, we are working on making the "Jubilant" brand a well-known and respected brand among hospital networks in the United States and Canada. Combined with our radiopharmaceutical manufacturing capabilities, we believe by continuing to build out a wider distribution network of radiopharmacies, including through acquisitions, we create synergies within our radiopharmaceuticals business line. We believe we are a strong partner to major U.S. healthcare providers and have deep relationships with our current customers and organizations (GPOs and regional networks) that influence the industry, and we will look to enhance our customer offerings to renew and extend existing agreements with our customers. We also plan to look for opportunities to establish new distribution channels through collaboration and contractual arrangements with our strategic partners.

Contract Manufacturing of Sterile Injectables and Non-Sterile Products. Due to consolidation activities across the CMO space and our compliant regulatory status, we have seen an influx of new clients at both our Spokane, Washington and Montreal, Canada sites, which creates opportunities for us to capture greater market share. We believe we are in a position to grow the CMO business by continuing to focus our efforts on strengthening our industry position by enhancing (by focusing on minimum deviations per batch, which also results in less discarded batches); and expanding our capacity, including through focusing on consistent and "first time right" customer service, extending and deepening our relationships with leading innovator pharmaceutical companies; focusing on long term high value contracts; building new customer relationships including identifying new customer targets for ampoules, semi-solids and non-sterile liquids, finding opportunities to strategically extend our product portfolio, and evaluating opportunities for new product launches. We are also exploring opportunities to increase capacity by reducing unutilized production capacities and establishing new lines within our current capabilities, including lyophilization. In addition, we plan to expand capacities through debottlenecking. De-bottlenecking and operating our Spokane Facility on a 3-shift, 7-day basis enables us to increase capacity to achieve greater sales volume. In this regard, we plan to increase

available capacity at our Spokane Facility by approximately 25% based on currently identified initiatives. Our production efficiency measures are also aimed to increase our product filing yield and reduce the time cycle between product releases.

Allergy Therapy Products. Our strategy is to build on our leadership in the North American market and at the same time deepen penetration in other markets by continuing to offer differentiated products such as venom and extracts. We aim to continue to drive growth and profitability through our strong customer commitment to be the partner-of-choice in the U.S. allergy market and leveraging the strong brand recognition of the "HollisterStier" brand. We believe we can achieve this through long-term strategic partnerships, adding to our product portfolio by launching new, differentiated products and/or processes and/or expanding capacities, in particular our venom and extract products, improving existing processes and supply reliability as well as expanding our customer base and into new markets.

Solid Dosage Formulations. Our aim is to be first to enter and last to exit, using our chemistry and R&D capabilities and manufacturing expertise to drive growth in our solid dosage formulations business line. We intend to focus on continuous investment in R&D in order to increase our ANDA filings and approvals, as well as complex, limited competition products using our in-house chemistry capabilities. We are also diversifying our business geographically and we intend to continue expanding our business into emerging markets by leveraging our existing U.S. filings. Our focus is also on cost leadership with increased integration in our portfolio mix and of in-house APIs into our solid dosage formulations. We believe such integration will facilitate the efficient development and manufacturing of our products and provide a competitive advantage for pursuing product improvements independent of third party sources. We believe integration may also help us maintain higher overall product quality.

APIs. Our strategy is to continue to be a preferred supplier to our customers and our expansion in this business line is based on streamlining our product selection to ensure that some of our DMF filings are first to file opportunities in the U.S. market, new product launches and increasing market share of our existing products. We believe that we are well placed to achieve sustainable growth through a well differentiated strategy of products and markets, a strong set of capabilities focused on product selection and cost optimization and a highly capable team with a proven track record. Our forward integration with our solid dosage formulations business also helps to ensure high capacity utilization. To drive growth, we plan to focus on initiatives aimed at increasing the range of products that our customers purchase from us in key markets such as the United States and Europe, as well as expanding our geographical reach in select emerging markets such as Turkey, Brazil, Mexico, Russia, China and South Korea. We expect to continue to invest in R&D to build up our product pipeline, using our chemistry capabilities to develop new processes to bring products to the market and contribute to our growth, and pursue capacity expansion to take advantage of pipeline opportunities.

Be closer to the customer to provide high quality products and services

We aim to be closer to our customers to provide them with high quality products and services. We have established strong and long-standing customer relationships across our business lines and we intend to capitalize on the strength of these relationships to create and pursue additional growth opportunities. We created approximately 70% of our asset based in North America in order to better serve our customers, a majority of which are based in North America. North America accounted for 80.1% of our total revenue from operations for the financial year ended March 31, 2018. We will continue to leverage the insights we have gained from successfully bringing products to market in the highly regulated U.S. market to launch products in other markets like Europe, Japan, Australia and other emerging markets. However, we expect revenues and profitability in North America will continue to account for a significant portion of our future consolidated revenues as we continue to focus on growth in North America.

Develop a diverse product and service portfolio through differentiated and complex offerings

We believe our success is derived from our ability to select attractive product candidates and increase capacity utilization. We expect to grow our diverse product and service portfolio both by increasing penetration in existing markets and expanding our product portfolio by utilizing market expertise globally. We believe that we will have a higher likelihood of increasing our penetration in our existing markets by offering new product innovations to our customers to meet their demands. We also intend to expand our product portfolio by utilizing our market expertise in the United States, Europe, Canada and other targeted countries to identify new product development and marketing opportunities. We aim to deliver high quality products and services by maintaining efficient and regulatory compliant manufacturing facilities. We believe that we are proactive in maintaining

good relationships with key regulatory agencies in North America, Japan and Europe and that our track record of compliance with global standards and regulations is an important factor in obtaining timely regulatory approvals and in maintaining long standing customer relationships.

We will continue to look to create a strong pipeline of products in both of our key business segments. In Specialty Pharmaceuticals, our primary focus is to develop differentiated products with an objective to cater to the North American market by focusing on a niche product development strategy highlighted by differentiated products in the radiopharmaceuticals and specialty injectables segments. In Generics & APIs, our focus is on developing complex products with limited competition and to file products that can be integrated with our in-house API manufacturing, where we are able to leverage integration synergies and benefit from enhanced cost competitiveness.

Offer an integrated business model that provides products and services which are cost-effective

We expect to continue to optimize margins by enhancing efficiencies in our integrated operations. We believe the integrated business model we have in place makes us well-positioned to deliver products and services which are cost-effective. For example, our radiopharmaceuticals and allergy therapy products business lines are supported by our CMO operations. We are also able to leverage our network of radiopharmacies to distribute our radiopharmaceutical products in the United States. Our multi-site manufacturing capabilities in the United States and India gives us flexibility and provides us with cost advantages. In addition, our solid dosage formulations business line is supported by R&D from India and is integrated into our low cost API manufacturing in India. We aim to continue to increase the share of solid dosage formulations manufactured with the Company's cost-competitive in-house APIs manufactured in India. We also plan to continue our focus on methods to optimize our margins through business excellence programs involving Lean Six Sigma initiatives, which are aimed at productivity enhancement. In this regard, we expect to achieve higher gross margins for many of our new products and to improve our yields on existing products by increasing capacity utilization for these products. We also aim to improve our operating margins by leveraging our existing sales capabilities and administrative functions across an expanded revenue base as a result of expected growth in our product portfolio, thereby gaining scale in operations.

Continue to pursue strategic acquisitions to further consolidate leadership positions and accelerate growth

We have historically grown our business through a series of organic and inorganic initiatives. For example, we completed the acquisition of our Nanjangud Facility, followed by multiple acquisitions in the United States, Canada and Europe. Most recently, in September 2017, we acquired substantially all of the assets which comprised Triad's radiopharmacy business. While we remain focused on driving the growth of our business organically, we intend to continue to pursue sizeable, strategic acquisitions to further strengthen our portfolio, gain competitive advantage, consolidate leadership positions and accelerate growth within our existing business lines, and achieve higher than industry growth. These opportunities may include, among others: (i) expanding the radiopharmacy sales and distribution network in the United States and Canada through strategic and selective acquisitions, (ii) expanding manufacturing capacity and capabilities through the addition of new sites to further strengthen the radiopharmaceutical product portfolio focused on the North American market, and (iii) acquiring manufacturing sites in India to support our Generics & APIs business segment. We have a dedicated team in place to identify these opportunities and a rigorous and financially disciplined process for evaluating, executing and integrating such acquisitions.

Business Segments

We offer products and services across the pharmaceuticals value chain. We have two business segments, namely (i) Specialty Pharmaceuticals, comprising radiopharmaceuticals (including radiopharmacies), CMO and allergy therapy products and (ii) Generics & APIs, comprising solid dosage formulations and APIs.

Specialty Pharmaceuticals

Our Specialty Pharmaceuticals business segment comprise radiopharmaceuticals, CMO and allergy therapy products. The United States is the most significant market for our Specialty Pharmaceuticals business segment, particularly after our acquisition of substantially all of the assets which comprised Triad's radiopharmacy business in September 2017. As a result, we also operate the second largest commercial radiopharmacy network in the United States with a national footprint of more than 50 radiopharmacies across 22 states, according to Frost & Sullivan. We believe the acquisition is a strong strategic fit with our niche

radiopharmaceutical business and will help us better serve healthcare providers and their patients with quality radiopharmaceutical products. According to Frost & Sullivan, there are significant growth opportunities in the distribution of radiopharmaceuticals to end-user customers in the United States. According to Frost & Sullivan, the radiopharmaceutical market will experience a 6.3% CAGR 2018-2023. The growth will be driven by increasing prevalence of disease and focus on therapeutic radiopharmaceuticals.

Radiopharmaceuticals

Our radiopharmaceuticals business comprises of radiopharmaceutical manufacturing and our network of centralized commercial radiopharmacies, which we acquired in September 2017. We manufacture and distribute our own radiopharmaceutical products, which generally consists of a radioactive element (isotope) either standalone or attached to a chemical compound. According to Frost & Sullivan, we are the third largest radiopharmaceutical manufacturer in the nuclear medicine industry in the United States based on revenue. Our products are used in the diagnosis, treatment and monitoring of various diseases. We specialize in cardiology, pulmonology, oncology and endocrinology as well as bone, brain and renal imaging. We operate a network of commercial radiopharmacies, currently under the Triad Isotope brand. Our radiopharmacies prepare and deliver radiopharmaceuticals for use in nuclear imaging at standalone imaging centers, cardiologists and hospitals in the United States, leveraging our radiopharmaceutical capabilities for end-to-end customer service in the United States.

Our radiopharmaceuticals business generated revenues of US$265.1 million for the financial year ended March 31, 2018 (inclusive of the revenues generated by our radiopharmacies during the seven-month period from the time of acquisition on September 1, 2017 through March 31, 2018) and US$88.4 million for the three months ended June 30, 2018, which comprised 42.8% and 50.1%, respectively, of our revenue from operations for the year/period.

Products and Services

Radiopharmaceuticals. We manufacture and market radiopharmaceuticals used in nuclear medicine imaging procedures and a line of radioactive therapeutic products. Our radiopharmaceutical product offerings include both "hot" radioisotopes (manufactured as an active radioactive product) and "cold" kits (tracer agents that are paired with "hot" radioisotopes (most commonly with Technetium 99m ("**Tc99m**")) for a final injectable product for targeted diagnostic imaging procedures). Two common forms of nuclear imaging procedures are single photon emission computed tomography ("**SPECT**"), which measures single-photon gamma rays emitted by a radiopharmaceutical, and PET, which measures positrons emitted by a PET radiopharmaceutical. In therapy applications, radiopharmaceuticals are used to treat or ablate certain types of cancer and other diseases.

Our therapeutic and diagnostic products hold market leadership positions in North America. In the SPECT market, our products include HICON® Sodium Iodine-131 solution for thyroid disease and thyroid cancer management (used in combination with SMART-FILL™ dispensing system for safer and more accurate dosage administration), DraxImage® MAA (Macro-Aggregated Albumin) for lung perfusion imaging, DraxImage® DTPA (Diethylene Triamine Penta-acetic Acid) for lung ventilation and renal imaging and DraxImage® MDP (methyl diphosphonate) used in bone scanning. Additionally, we market DraxImage® I-131 Diagnostic Capsules used in thyroid-related treatments, DraxImage® Sestamibi used in myocardial perfusion imaging and DraxImage® Exametazime used in leukocyte labeled scintigraphy for localization of intra-abdominal infection and inflammatory bowel disease. DraxImage® Exametazime was approved by the USFDA in August 2017 based on a Section 505(b)(2) NDA filing and was launched in the United States in March 2018, and we are looking to drive the use of DraxImage® Exametazime in the White Blood Cell (WBC)-Labeled Infection Market. We market DraxImage Gluceptate used in kidney and brain imaging (approved in Canada only). Gluceptate was withdrawn from the U.S. market due to broad availability of similar alternative and competitive products.

In the PET market, pursuant to our Section 505(b)(2) NDA filing, we obtained USFDA approval for RUBY-FILL® in September 2016, bringing to the PET market, a newly developed innovative technology for PET myocardial perfusion imaging ("**MPI**"). RUBY-FILL® is comprised of a Rubidium-82 ("**Rb-82**") generator and an elution system, Ruby Rubidium Elution System™ ("**RbES**"), which we believe is novel in the cardiac nuclear medicine industry. We believe RUBY-FILL® offers overall improved diagnostic sensitivity, specificity and accuracy in cardiac PET by enabling improved image quality, higher dosing accuracy and infusion consistency and reliability. Certain features of RUBY-FILL® include automated quality control and

reports, automated safety alerts aimed at reducing Sr-82 breakthrough and flexible patient dosing, among other things. We believe PET imaging with RUBY-FILL® can provide significantly lower patient radiation doses as compared to current SPECT MPI procedures. In March 2018, two legal challenges were filed by Bracco Diagnostics Inc. ("**Bracco**") against us, the Parent and Jubilant DraxImage Inc. ("**JDI**") (collectively, the "**Jubilant Defendants**") in the United States District Court for the District of New Jersey (the "**New Jersey District Court**") and with the United States International Trade Commission ("**USITC**") in connection with alleged patent infringement relating to RUBY-FILL®. See "*—Legal Proceedings—RUBY-FILL® Proceedings*" for further details.

We developed I-131 mIBG, which is undergoing Phase II and Phase III clinical trials in the United States in collaboration with key pediatric oncologists, the National Institute of Health ("**NIH**"), selected academic centers and neuroblastoma consortiums. I-131 mIBG has received orphan drug status with eligibility for accelerated approval in the United States. In clinical trial, we have observed that when I-131 is attached to mIBG, the mIBG directs the I-131 radiation to the neuroblastoma cells to kill such cells. We believe I-131 mIBG is the first product candidate of its kind targeted at treating high-risk neuroblastoma in infants and young children, and is currently not available commercially. We have however, provided I-131 mIBG for use in the treatment of neuroblastoma, a neuroendocrine pediatric cancer, to hundreds of patients under an Investigational New Drug ("**IND**") Expanded-Access Program approved by the USFDA and for other investigational clinical trials since 2007. Subject to positive outcomes of these initial clinical trials, we plan to further advance our therapeutic I-131 mIBG program, and submit an NDA to the USFDA. In addition to I-131 mIBG, we have four additional products in the pipeline intended to expand and strengthen our medical imaging portfolio.

Commercial Radiopharmacies. As a result of our acquisition of substantially all of the assets which comprised Triad's radiopharmacy business, we operate the second largest commercial radiopharmacy network in the United States, according to Frost & Sullivan. We compound and distribute radiopharmaceuticals to national GPOs and regional networks, standalone imaging centers, cardiologists and hospitals in the United States, leveraging our radiopharmaceutical capabilities for end-to-end customer service in the United States, among others. Our radiopharmacies also prepare both SPECT and PET doses for diagnostic imaging and therapeutic purposes. Our operations consist of direct distribution activities and outsourced deliveries made by contracted third party distributors within the United States, including serving as an integrated distribution partner for our radiopharmaceutical product pipeline and our generics & APIs products. The products we manufacture and distribute include Tc99m Sestamibi, Tc99m MDP, Tc99m DTP, Tc99m DTPA and Tc99m MAA kits. Other products which we distribute but do not manufacture include Tc99m-Tetrofosmin, Tc99m Sodium Pertechnetate, In-111 Octreoscan, Tc99m Sulfur Colloid, Tc99m Mertiatide (MAG-3) and In-111 Oxine.

Market and Customers

Radiopharmaceuticals. Our radiopharmaceuticals business has a well-established base in North America, and is currently expanding in Latin America, Europe and Asia. Our radiopharmaceuticals customers include third party commercial radiopharmacy networks and our radiopharmacies (doing business as Triad Isotopes), and hospitals, free-standing imaging centers and cardiologists. We supply 14 USFDA or Health Canada approved diagnostic and therapeutic products to nuclear medicine departments in 18 different countries. In North America, our largest market according to Frost & Sullivan, is MAA and DTPA, both of which we have a 100% market share.

Radiopharmaceutical products contain radioactive isotopes that decay at a predictable rate. Tc99m, which we use in a number of our radiopharmaceutical products, has a half-life of six hours. This short half-life presents certain logistical challenges as customers have to be in a certain proximity to the radiopharmacy to use Tc99m product before it decays or expires. See "*Risk Factors—Risks Relating to Our Business—Our dependence on a limited number of third party suppliers for Molybdenum could prevent us from delivering some of our radiopharmaceutical products to our customers in the required quantities, within the required timeframe, or at all, which could result in order cancellations and decreased revenues*".

JDI has entered into 43 long-term contracts in the United States for JDI to supply such distribution networks with products used for diagnostic and therapeutic procedures for thyroid, myocardial perfusion, lung, kidney, brain and bone scans. Pursuant to the contracts, JDI will supply the agreed products over a period of 39 months effective from January 2017.

Centralized Commercial Radiopharmacies. Handling, preparation, and storage of radiopharmaceutical agents require specialized training and specially-equipped facilities, resulting in comparatively high fixed and staffing costs for the commercial radiopharmacy industry. Further, the short half-lives of radioactive diagnostic and some therapeutic agents make it cost prohibitive for hospitals and other medical providers to maintain in-house nuclear preparation and dispensing capabilities. A market for radiopharmacies has arisen because hospitals and medical recognized the value in utilizing the central radiopharmacy services to decrease costs, reduce headcount, and gain better utilization of both radioactive materials and prepared drugs. Radiopharmacies that have several hospitals and medical providers as customers are able to achieve economies of scale and offer radiopharmaceutical agents to hospitals and other medical providers at a relatively lower price. The short half-lives of products and customers' strong preference for just-in-time ordering, compared to large bulk orders, make it difficult for radiopharmaceutical manufacturers to distribute directly from the manufacturing facilities to the end customers and a key factor in obtaining contracts with national GPOs is for radiopharmacies to have the geographic capability to service a majority of the members of each GPO we negotiate with.

We distribute nuclear medicine products that are manufactured in-house as well as products from other manufacturers through our commercial radiopharmacy network to standalone imaging centers, cardiologists and hospitals in the United States. We also contract with national GPO's and regional networks, supplying our products to their hospital and institutional members, nationally. We maintain strong relationships with major national GPOs in the United States and continue building relationships with regional networks as they emerge. Jubilant DraxImage Radiopharmacies Inc. ("**JDR**") prepares unit doses of radiopharmaceuticals and deliver these preparations to such institutional customers directly for administration to patients. We currently deliver approximately three million patient doses annually approximately 1,700 customers across national GPOs, regional networks, local hospitals and physician groups.

Sales, Distribution and Marketing

Radiopharmaceuticals. Our radiopharmaceuticals business has a sales force that caters to customers in the United States, Canada, South America, Asia and Europe. We are continuing our efforts to obtain registration for select products in select markets. We are currently also seeking to expand our distribution network for our radiopharmaceutical products in India and other emerging markets in Asia and the Middle East. In all countries or regions where we are seeking commercialization, we are required to have each product approved by the relevant health authorities to actively market our products. Furthermore, in the United States, we are also required to be licensed by each state to meet specific state requirements for the sale of products in specific states. While some of these licenses are pending approval or filing with the state authorities, any delay or denial of such state licenses is not expected to have a material impact on our results of operations.

Commercial Radiopharmacies. Our radiopharmacies have an experienced and patient-centric sales force that caters to institutional customers in the United States. We have multi-year agreements with GPOs, most of which are multi-source agreements. In conjunction with the GPOs we maintain direct customer contracts over multiple years. We also utilize the JDR sales force as a contracted sales organization to market and contract for RUBY-FILL® to customers on a separate contract basis originating with JDI. In addition, we believe our radiopharmacy network provides a highly scalable distribution platform for distribution of our products with relatively marginal increases in expenses.

Research and Development

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

Commercial Radiopharmacies. The commercial radiopharmacies generally do not engage in new product development. However, to remain competitive in the commercial radiopharmacy space we recognize a need to innovate and re-define the commercial radiopharmacy operating model and footprint. We continuously seek opportunities to expand or enhance the efficiency of our radiopharmaceuticals business by optimizing the coverage of our radiopharmacy network including through further additions and improvements or consolidation of locations.

Fleet

Radiopharmaceuticals. JDI does not maintain a fleet of drivers or vehicles within its operation, but maintains a small team of service professionals to support the devices provided to customers with the RUBY-FILL® Rubidium Elution System (RbES) for rubidium-82 (Rb-82 chloride) infusion and the Smart-Fill™ capsule filling device for the HICON (I-131) product.

Commercial Radiopharmacies. JDR maintains a fleet of drivers and leased vehicles delivering radiopharmaceuticals from our radiopharmacies directly to our customers on a daily basis. As at June 30, 2018, we have commissioned 361 leased vehicles operated by 416 JDR-employed drivers for the distribution and delivery of our products. JDR also engages delivery services with third party commercial couriers when required to supplement delivery requirements and fleet services.

Facilities

Radiopharmaceuticals. Our radiopharmaceutical hot products are manufactured in our JDI Montreal Facility. Our facility is approved by Health Canada and the USFDA. The JDI Montreal Facility maintains Class 100 cGMP sterile production capabilities for all the hot product production of rubidium-82 Generators and HICON® Iodine products. The last USFDA inspection of our JDI Montreal Facility was in September 2017 and the Establishment Inspection Report ("**EIR**") was received in January 2018. The most recent Health Canada inspection was completed in April 2018.

The two key products for our radiopharmaceuticals division are cold kits, being Tc99m MAA and Tc99m DTPA, supplied by JHS, JDI's contracted CMO. Our hot products, being radioisotopes manufactured with radioactive raw materials such as Sr-82 and I-131, are procured from third party isotope processing companies. We continue to manage and minimize supply interruptions and have secured multi-source coverage for raw materials for our key products. We have entered into contracts with leading suppliers of I-131 radioisotopes, while JHS is currently our partner-of-choice for our cold kit manufacturing and supply. Under the current supply agreement with JHS, JHS supplies us with cold kits on commercial terms, which includes all JDI cold kit products, such as Tc99m MDP, Tc99m Sestamibi, Tc99m Gluceptate, Tc99m DTPA, Tc99m MAA, and others. We engage in multi-sourcing for Sr-82 and I-131. For Sr-82, we have supply contracts with three key suppliers of six, and for I-131, we have supply contracts with two of the three suppliers globally. See "*Risk Factors—Risks Relating to Our Business—Our dependence on a limited number of third party suppliers for Molybdenum could prevent us from delivering some of our radiopharmaceutical products to our customers in the required quantities, within the required timeframe, or at all, which could result in order cancellations and decreased revenues*".

Commercial Radiopharmacies. The supply of radiopharmaceutical agents is highly regulated and affected by several factors. For nuclear imaging agents, the primary radioactive ingredient is Tc99m, which has a half-life of about six hours and is generated through the decay of Molybdenum, its parent radioisotope using a Molybdenum/Technetium generator. Molybdenum-99 has a half-life of approximately 66 hours and is produced by a limited number of nuclear reactors, all of which are located outside the United States. For PET, the primary radioactive ingredient is F-18 Fluorine, which is cyclotron-produced. Once activated, F-18 Fluorine has a half-life of approximately 110 minutes. PET radiopharmacies therefore need to have access to a cyclotron within their facilities. In addition, PET agents need to be synthesized, packaged and delivered quickly in order to reach physicians prior to the expiration of the radioactive agents. Not all PET agents can be produced within a PET radiopharmacy and transported to a customer, which is the case for Rubidium-82 and ammonia. As part of our acquisition of Triad's assets, we acquired a total of 51 SPECT nuclear pharmacies and three PET manufacturing sites operating from a total of 52 physical locations in the United States, as well as seven cyclotrons, of which three remain operational. The premises for these 52 locations were assigned to us by Triad Isotopes Inc. with the consent of the respective landlords. While certain leases provide for an option to renew, substantially all of these leases expire in the future including within the next 12 months. Depending on our business needs and strategies, we may not extend or renew certain leases upon their respective expirations and/or may lease premises in different locations.

Contract Manufacturing of Sterile Injectables and Non-Sterile Products (CMO)

Our CMO business line develops and produces sterile injectables, ampoules, ophthalmic and sterile/non-sterile ointment cream and lotions (OCL). Both the Spokane and Montreal facilities are leading service providers to the pharmaceutical industry, providing manufacturing, product development and laboratory

analytical services. Our CMO business services the spectrum of pharmaceutical industry requirements, from large-scale leading pharmaceutical companies to biotechnology organizations. We follow a partnership approach to this business, working closely with our customers to provide comprehensive solutions with utmost flexibility and customer service.

Our CMO business generated revenues of US$100.9 million for the financial year ended March 31, 2018, respectively, which comprised 16.3%, respectively, of our revenue from operations for the year.

Products and Services

We have two product segments under our CMO business line: (i) sterile injectables, accounting for approximately 80.0% of CMO revenues is the primary product segment; and (ii) non-sterile products, accounting for the remaining 20.0% of CMO revenues.

We offer services for a broad range of sterile injectables, including vial and ampoule liquid fills, freeze-dried (lyophilized) injectables, biologics, suspensions and water for injection diluents. The size of the vials we are currently able to produce ranges from two milliliters to 100 milliliters and batch sizes range up to 2,000 liters. We are also able to manufacture products in quantities suitable for clinical trials as well as for large-scale commercial requirements. We also offer products that include sterile ointments, creams and liquids and have a growing presence in topical and ophthalmic areas. The services we offer for non-sterile products include semi-solid dosage formulations, including antibiotic ointments, dermatological creams and liquids (syrups and suspensions). Further, we offer a full suite of services to our customers including supply chain support, lab testing services, regulatory submission support, manufacturing process refinement and project management.

As a fully integrated contract manufacturer of sterile injectables with in-house R&D capabilities, we believe we are well positioned to become a leading, cost effective CMO. We have relationships with several global pharmaceutical companies and have the ability for captive consumption through integration with our other business lines, particularly our allergy therapy and radiopharmaceuticals businesses. We will continue to focus our efforts in strengthening our industry position by enhancing and expanding our capacity, focusing on consistent and "first time right" customer service, building new customer relationships and finding opportunities to strategically extend our product portfolio.

Market and Customers

We believe that the global pharmaceutical contract manufacturing market is fragmented and there are only a few leading operators with combined sterile injectables and non-sterile products capabilities and competencies required to serve large pharmaceutical and biotechnological customers. The markets for sterile injectables and other sterile/non-sterile dosage forms have been among the fastest growing business lines with significant barriers to entry such as complex manufacturing processes, stringent USFDA and other regulatory compliance requirements which can take between three and five years and high capital investment. Furthermore, the market is going through a phase of large-scale consolidation with large pharmaceutical companies acquiring CMOs and thereby limiting their capacity to service their customers, USFDA regulatory violations that have led to import alerts and/or bans of certain manufacturers and changing market trends among others. We believe such consolidation has led to a demand-supply disequilibrium and presents an opportunity for us to grow our CMO business.

We have an established market position in the sterile injectables and non-sterile products markets globally. Our key markets for sterile injectables and non-sterile products are North America and Europe. We also distribute to other markers such as the Middle East, Africa and Asia. We expect to be able to continue to increase our market share in the market for sterile injectables and non-sterile products as a result of our proven regulatory track record with the USFDA, Health Canada, UKMHRA, KFDA Korea, ANVISA Brazil and PMDA Japan, our expertise in multi-mode contract manufacturing, the quality of our products and our execution capabilities.

We utilize a number of marketing channels to target key pharmaceutical and biotechnological customers such as advertising in trade publications, participation in tradeshows, social media, targeted email communications, direct mail, print media and other content marketing. We serve seven out of the top 20 pharmaceutical companies globally (based on revenue, according to Frost & Sullivan). We have deep and long-term relationships with our top 10 customers. For example, as at June 30, 2018, each of our top 10 customers has been our customer for five years, of which six have been our customers for 10 years. We also contract

manufacture cold kits at our CMO Montreal Facility to support our radiopharmaceutical products. For the financial year ended March 31, 2018, our top five customers contributed to approximately 9.1%, of our total revenue from operations. No single customer contributed more than 2.8% of our total revenue from operations.

Facilities

Our sterile injectables manufacturing facility located in Spokane, Washington, United States is focused on the delivery of clinical and commercial fill and finish services for sterile parenteral pharmaceuticals, utilizing both liquid and lyophilization capabilities. It is able to support manufacturing from a Phase I trial stage through to commercial manufacturing. The Spokane Facility has obtained MHRA, Health Canada, PMDA Japan and other certifications for its manufacturing processes. The last USFDA inspection of the Spokane Facility was in September 2017 and the EIR is pending.

Our sterile and non-sterile manufacturing facility in Kirkland, Montreal, Canada has multi-dosage form capabilities ranging from sterile parenteral (vial and ampoule liquid and lyophilization), to sterile and non-sterile semisolid manufacturing of OCL. The CMO Montreal Facility has obtained USFDA, Health Canada and other certifications for its manufacturing processes. The last USFDA inspection of the CMO Montreal Facility was in May 2018 and the EIR was received in July 2018.

Allergy Therapy Products

Our allergy therapy products business provides products to the allergy specialty industry with an offer range of different allergenic extracts and standard allergy vaccine mixtures, including insect venom products for the treatment of allergies to insect stings. We are one of the leading North American allergenic immuno therapy companies, according to Frost & Sullivan, with 90 years of experience, and a service provider to allergists and the medical community. Our allergy therapy products business generated revenues of US$43.6 million for the financial year ended March 31, 2018, which comprised 7.0%, of our revenue from operations for the year.

Products

Our allergy therapy product range includes over 200 different allergenic extracts, six insect venom products and exclusive skin diagnostic testing devices. We are currently the sole producer and supplier of venom products for the treatment of allergies in the United States. The majority of our therapeutic and diagnostic vaccines are extracted from pollens, animal pelt/hair and stinging insects (for our venom products) and are produced in a unique phenol-free format, which yield better potency and stability compared to our competitors' products which contain phenol. Our main products are our extensive line of pollens, Venomil® which is a venom product and line of acetone-precipitated extracts, such as AP Dog and AP Cat, and its QUINTIP® & ComforTen® lines of skin testing diagnostic devices.

Market and Customers

The primary target user base of our allergy therapy products are allergists, ear, nose and throat physicians, general physicians and a few hospital-based clinics across North America. Our allergy therapy products business line has traditionally focused on North America as our key market, where we believe we have generated significant brand loyalty in respect of the "HollisterStier" brand, due to the quality of our products and long-standing operating history. We also market some of our key products such as allergenic extracts and venom extracts in Canada, Europe, Australia and New Zealand through distributors. JHS has also entered into partnerships to further deepen the penetration of our allergy therapy products in Canada and Europe, specifically France and Germany. We also look to explore adjacencies or vertical integration such as supplier and distribution agreements or diagnostic testing services. According to Frost & Sullivan, we are one of the top three players in the allergenic extract market in the United States with a market share of 17.6%.

Sales, Distribution and Marketing

Our allergy therapy products are sold primarily in bulk and then mixed in the office/clinic environment. We have a dedicated sales force in the United States and distributors in Europe, Canada and South Korea for our allergy therapy products.

Facility

Our allergy therapy products are manufactured at our Spokane Facility. Our Spokane Facility maintains registration with the USFDA and Health Canada approval for manufacturing allergy therapy products. As part of our long-term facility upgrade, we plan to add a second lyophilizer and a second filler to our venom line. We believe this will provide redundancy in the case of equipment failure, and minimize interruptions to our supply of venom to the market. The last Center for Drug Evaluation and Research (CDER) USFDA inspection of our Spokane Facility was in September 2017 and the EIR has yet to be issued. The last Center for Biologics Evaluation and Research (CBER) USFDA inspection of our Spokane Facility was in November 2016 and the EIR was received in October 2017.

Generics & APIs

Generic pharmaceutical products, or "generics", are the pharmaceutical and therapeutic equivalents of brand-name drug products whose patents have either expired or been successfully challenged in their respective markets and are usually marketed under their established non-proprietary drug names, rather than under a brand name. Generics are typically more affordable in comparison to their brand-name equivalents. Generics are required to meet similar governmental regulations as their brand-name equivalents offered or sold by the originator such as those relating to manufacturing processes and health authorities' inspections, and must receive local regulatory approval prior to their sale in any given country.

We have a robust generics & APIs product portfolio, comprehensive R&D capabilities, focused generics & APIs product pipeline and a global operational network, which collectively we believe will enable us to execute key generics & APIs launches to further expand our generics product pipeline and diversify our revenue stream. We use these capabilities to mitigate price erosion arising from our Generics & APIs business segment. When considering whether to develop a generic medicine, we take into account a number of factors, including our overall strategy, regional and local patient and customer needs, R&D and manufacturing capabilities, regulatory considerations, commercial factors and the intellectual property landscape. We believe our position in the generics market is supported by our global R&D function, as well as our APIs business line, which provides significant integration for our products.

Solid Dosage Formulations

We are engaged in the development, manufacture, sale and distribution of prescription generic pharmaceutical products in the United States, Europe, Canada, Japan, Australia and the rest of the world. We are one of the market leaders in the United States based on our market share of several key products.

Generic formulation pharmaceuticals contain the same active ingredient and are of the same route of administration, dosage form, strength and indication(s) as brand-name pharmaceuticals already approved for use by the regulatory authorities. The solid dosage formulations business derives benefit from backward integration into our APIs business, supported by our in-house R&D facilities for formulation development, and extensive regulatory filings capabilities and cost effective manufacturing. We focus primarily on the manufacture and sale of solid dosage formulations for CVS, CNS, GI and anti-allergy therapeutic categories.

Our solid dosage formulations business generated revenues of US$123.5 million for the financial year ended March 31, 2018, which comprised 20.0%, of our revenue from operations for the year.

Products and Services

Our solid dosage formulations business develops generic drugs. As at June 30, 2018, we had 53 commercialized generic solid dosage formulations products across the United States, Europe, Canada, Australia and the rest of the world. Some of the solid dosage formulations products that we manufactured for our CMO customers are sold in Japan under a third party's brand. In the oral solid dosage formulations business, our product portfolio spans CNS products such as lamotrigine, oxcarbazepine, cyclobenzaprine, donepezil, anti-histamine products such as meclizine and GI products such as pantoprazole in the United States market. Our range of products also includes value-added formulations and special formulations such as taste masking, flash tablets, oral dispersible forms, chewable tablets and modified release forms.

We also offer turnkey products and services to generic pharmaceutical companies by undertaking the supply of solid dosage formulations and APIs based on dossiers developed by us and arrange market

authorizations and release for facilitating sales of solid dosage formulations in European Union ("**EU**") countries and the United States. We also provide regulatory affairs services, formulation development, licensing of marketing authorizations and supply solid dosage formulations to generic pharmaceutical companies in Europe.

According to Frost & Sullivan, within the United States, we are one of the market leaders based on market share for several key products, namely, prochlorperazine (largest market share at approximately 52.0%), terazosin (largest market share at approximately 51.9%), methylprednisolone (largest market share at approximately 38.0%), prednisone (third largest market share at approximately 9.0%), olanzapine ODT (second largest market share at approximately 22.0%), donepezil (fourth largest market share at approximately 8.0%), and pantoprazole (fourth largest market share at approximately 13.0%). We develop dossiers for our products in accordance with regulatory and registration procedures for various countries, most of which incorporate our APIs, which we license to European generic pharmaceutical companies in addition to selling our own products in selective countries within the European Union. In the United States market, since we commenced operations through to June 30, 2018, we have made a total of 95 ANDA filings for solid dosage formulations, of which 35 are pending approval. We have also made ANDA filings in other jurisdictions, including Canada and Europe. As at June 30, 2018, we have made a total of 23 product filings in Canada, of which one is pending approval, 31 product filings in Europe, of which three are pending approval and 38 product filings in the rest of the world, of which five are pending approval. As at June 30, 2018, in the United States, we had 31 commercialized solid dosage formulations available. Our top 10 solid dosage formulations products by revenue contributed 13.8% of our total revenue from operations for the financial year ended March 31, 2018, and our top solid dosage formulations product contributed 3.3% to our total revenue from operations for the financial year ended March 31, 2018.

We believe we have a strong product portfolio, focused on developing products for which we can be one of a few reliable suppliers in the market. We are registered to distribute products in a total of 14 countries, directly and indirectly. In particular, for non-U.S. markets, we plan to become a leading supplier of esomeprazole through cost leadership and capacity enhancement. Esomeprazole is a proton-pump inhibitor used in the treatment of gastroesophageal reflux disease (GERD) and other conditions involving excessive stomach acid. Currently, we distribute esomeprazole to seven countries with sales contracts in place for 16 additional countries. In line with our strategy to provide predictable and reliable service to our customers, we engage in dual-sourcing of our raw materials, including APIs, and dual-qualification of our manufacturing and/or packaging sites. Dual-sourcing and dual-qualifications also help to lower our cost base.

Market and Customers

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

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

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

In the United States, three major buying groups, accounted for approximately 78.0% of our solid dosage formulations revenues. We have also increasingly focused on diversification of the markets we sell to,

particularly emerging markets. Outside the United States, we have subsidiaries in the European Union and Australia and partnerships with local companies across the globe.

Sales, Distribution and Marketing

We sell our solid dosage formulations products in more than 50 countries. Sales are driven by new product launches and launches of existing products in new countries, sales are driven by capacity, product cost and supply chain efficiency enhancement in addition to consolidation of existing partners and identification of new partners. For the financial year ended March 31, 2018, our solid dosage formulations business accounted for 20.0%, of our total revenue from operations. In the United States market, we have established our presence as a generic pharmaceutical company and we market our own products through a distribution network and supply solid dosage formulations directly to the United States. We also supply to the U.S. Federal Government through our Salisbury Facility in the United States. In addition, we also make filings for our solid dosage formulations products in other markets such as Europe, Japan, Canada, South Africa, Australia, China and United Arab Emirates and typically sell our products through local partners. In many European countries and in other countries such as Japan, South Africa, Canada, Australia and Philippines, we have partnered with the largest pharmacy chains and/or distributors of the region in addition to local generic pharmaceutical companies. We have also filed products within countries in Asia (including Malaysia, Taiwan, Singapore, Hong Kong and Vietnam), Africa (including Ethiopia, Zimbabwe, Uganda, Kenya and Nigeria), certain CIS countries (including Ukraine, Uzbekistan, Belarus and Russia) and Latin America (including Chile, Columbia and Peru). We have also partnered for filings in key new markets like Saudi Arabia and Brazil. We typically partner with local pharmaceutical companies, distributors, retail pharmacy chains or local pharmaceutical marketing companies for sale of our products in those countries and such arrangements are usually long-term supply agreements extending up to five years.

Facilities

We have two manufacturing facilities for solid dosage formulations — one located in Salisbury, Maryland in the United States and the other, located in Roorkee, Uttarakhand, India. The Roorkee Facility has been audited and approved by, among others, the USFDA, UKMHRA, PMDA Japan, ANVISA Brazil and The Medicines Control Council — South Africa ("**MCC South Africa**"). The two sites collectively have an annual capacity of producing over 3.5 billion doses. The last USFDA inspection of our Salisbury Facility was in April 2018 and 2016 and the EIR was received in September 2018. The last USFDA inspection of our Roorkee Facility was in August 2018 and resulted in four Form-483 observations. We have not yet received the EIR from this inspection. In addition, following the inspection of our Roorkee Facility, which is owned by JGC, in August and September 2018, the USFDA issued Complete Response Letters (the "**CRLs**") to JGC in respect of two of its ANDAs previously filed with the USFDA in March 2014 and March 2017. The CRLs reaffirmed the observations identified during the recent inspection of the Roorkee Facility in August 2018, but did not cite concerns with the ANDAs themselves, including with respect to their clinical safety, bioequivalence or efficacy data. The FDA noted in the CRLs, among other things, certain outstanding inspection issues identified at the Roorkee Facility, and requested communications submitted to, or held with, the USFDA to facilitate resolution of such conditions or deficiencies, noted at the Roorkee Facility. The USFDA indicated in the CRLs that it cannot grant final approval of these ANDAs in their present form until there is satisfactory resolution of such observations.

Our Salisbury Facility has three DEA Certificates of Registration (DEA Form 223) for controlled substances issued by the U.S. Drug Enforcement Agency (DEA), namely importer registration to import Schedule IV non-narcotic Drug Product from Taiwan for distribution only, exporter registration if we need to return the Schedule IV product to Taiwan due to quality issues (which we have not needed to use as we have not returned any products to Taiwan) and an analytical lab registration for the use of a Class II chemical impurity for analysis of certain drug products. These registrations all expire in December 2018. We do not produce controlled substances although we warehouse certain non-narcotic controlled substances on-site for distribution. We evaluate potential business opportunities on an ongoing basis and have no current plans to manufacture controlled substances.

We plan on increasing the solid dosage formulations capacity at our Roorkee Facility. The first phase of our expansion plan is expected to be completed in the third quarter of the financial year ended March 31, 2019 and would increase the solid dosage formulations capacity by one billion doses to meet increasing demand. The next phase would involve expanding our product manufacturing lines in oral solids and certain niches in

Novel Drug Delivery System (NDDS) with a view to increasing the contribution to revenues as we grow beyond the traditional regulated markets.

Raw Materials, Inputs and Suppliers

The primary raw material input for our generic solid dosage formulations are APIs which we produce as well as purchase from third party sources. Of the APIs which we use for our solid dosage formulations, more than 35.0% is produced by the Group. We are currently working on finding alternative sources for critical APIs, which we believe will help to further mitigate supplier concentration risks on the availability of critical APIs, for both for APIs which we produce in-house and APIs sourced from third party suppliers.

Research and Development

We currently have a team of more than 130 scientists at our R&D facility in Noida, Uttar Pradesh, India, developing solid dosage formulations. The facility is equipped for laboratory scale tablets and capsules manufacturing. Our finished dosage development center based in Noida, Uttar Pradesh, India, also has capabilities to develop oral solid products, including immediate release oral solids formulation, modified release formulation, chewables and orally disintegrating tablets, as well as injectables and ophthalmic products.

APIs

We develop and produce APIs, which are the principal ingredients for pharmaceutical formulations, and are also known as bulk active substances or bulk drugs. APIs become formulations when the dosage is prepared for human consumption in the form of a tablet, capsule or liquid using additional inactive ingredients. Our APIs are primarily sold to manufacturers of formulations of generic drugs or used in-house by our solid dosage formulations business line. We sell only development quantities of APIs to manufacturers of formulations of generic drugs prior to the patent expiry as permitted by the local laws of the importing country and commercial quantities only upon patent expiry or prior to patent expiry for our customers to prepare for launch upon patent expiry. In all cases, our approach is governed by the local laws of the importing country.

Our API business generated revenues of US$86.1 million for the financial year ended March 31, 2018, respectively, which comprised 13.9%, of our revenue from operations for the year.

Products

As at June 30, 2018, we had 39 commercialized APIs available globally through commercial scale plants, of which carbamazepine, oxcarbazepine, citalopram, donepezil, pinaverium, valsartan, risperidone and meclizine are the most significant. According to Frost & Sullivan, we are one of the global suppliers based on market share for several key API products, namely, oxcarbazepine (global market share at approximately 30.0%), carbamazepine (global market share at approximately 20.0%), risperidone (global market share at approximately 33.0%), pinaverium (global market share at approximately 20.0%), citalopram (global market share at approximately 18.0%), Donepezil (global market share at approximately 16.0%), and meclizine (global market share at approximately 20.0%). We are focused on the development of APIs in the following therapeutic categories: CVS, CNS, GI, anti-infectives and anti-depressants. Approximately 80% of our commercialized portfolio is in lifestyle driven therapeutic areas such as CVS and CNS, catering to an increasing incidence of lifestyle-related medical conditions or non-communicable diseases including cardiac ailments and seizures. As at June 30, 2018, in the United States, we had filed 93 DMFs in the United States. We have also made DMF filings in other jurisdictions, including Canada, Europe, Japan and Australia. Our top 10 API products by revenue contributed 11.3% of our total revenue from operations for the financial year ended March 31, 2018, and our top API product contributed 3.1% to our total revenue from operations for the financial year ended March 31, 2018.

While the submission of a DMF is not required by law or USFDA regulation, a DMF is required to supply bulk materials to the United States. In addition, the information contained in a DMF may be used to support an IND, an NDA, an ANDA, an export application, another DMF in the United States or amendments or supplements to any of these, as well as provide information regarding a manufacturer's product in terms of quality, regulatory standing and ability to meet cGMP requirements. We are planning to focus on intellectual property enabled, differentiated offerings by streamlining our portfolio choices to focus on New Chemical Entities ("**NCE**") selections. In the United States, a NCE is a drug that contains no active moiety that has been approved by the USFDA in any other application submitted under section 505(b) of the Federal Food, Drug and

Cosmetic Act ("**FDCA**"). The USFDA grants a five-year period of marketing exclusivity for NCEs, providing the holder of an approved NDA certain protections from new competition in the market for the innovation represented by its approved drug product.

We continuously evaluate opportunities for API product development to build our product pipeline. Product launch will depend on a number of factors, including market conditions and relevant regulatory approvals.

Market and Customers

The global API market is witnessing a period of stable growth, supported by both outsourced and captive segments. According to Frost & Sullivan, the global API market is forecasted to increase from approximately US$164.3 billion in 2018 to US$219.1 billion in 2022, at a CAGR of 5.9%, of which captive production accounts for approximately 58.0%. We manufacture APIs for captive consumption in our solid dosage formulations business line as well as for external sales. Sartans (angiotensin II receptor blockers), used primarily for the treatment of hypertension, continue to be a key focus area for us.

Our APIs are exported worldwide, into emerging as well as developed markets. Our key markets are North America, South America, Europe, Japan, Korea, Commonwealth of Independent States (CIS) countries, the Middle East and Australia. Our API customers include leading global generic pharmaceutical companies. We are also forward integrated with our solid dosage formulations business line, supplying APIs to for use in the manufacturing processes of our solid dosage formulations products. See "*—Solid Dosage Formulations—Raw Materials, Inputs and Suppliers*". For the financial year ended March 31, 2018 and the three months ended June 30, 2018, third party customers accounted for more than 88.1% and 85.1% of our API revenues, respectively.

Manufacturers of formulations that use our APIs are subject to strict regulation globally. The global API market can broadly be divided into regulated and less regulated markets. According to our internal estimates, we believe approximately 60.0% of our sales are to regulated markets. We believe our strong presence in highly regulated markets help with customer retention and price realization of our API products. The global API market can broadly be divided into regulated and less regulated markets. The less regulated markets offer low entry barriers in terms of regulatory requirements and intellectual property rights. The regulated markets, like the United States and Europe, have high entry barriers in terms of intellectual property rights and regulatory requirements, including facility approvals, which lead to increased time, cost and efforts by our customers in order for them to sell their products in such markets. As a result, there is a premium for quality and regulatory compliance along with relatively greater stability for both volumes and prices. Generally, only a single source of API is qualified for use in each product due to costs and time required to validate a second source of supply. Changes in API suppliers must typically be approved through a prior approval supplement by the USFDA. As such, we believe our customers are less likely to switch their API source frequently.

Sales, Distribution and Marketing

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

We rely primarily on our existing relationships with leading generic pharmaceutical companies in markets such as the United States, Europe, Canada, Japan and Brazil to explore opportunities to obtain regulatory approval for and sell our APIs. We also employ agents who act as a link between ourselves and drug manufacturers interested in sourcing APIs to meet their requirements. Such arrangements are customized and we implement such arrangements selectively for certain countries or with customers where the local language, knowledge of regulations, customs and/or payment follow-up requirements necessitate the use of such services of a local entity as an intermediary. These contacts may be initiated by us, the manufacturer, or the distributor/agent if it is aware of mutual interest in outsourcing arrangements for a particular API.

Facility

Our APIs are produced at manufacturing plants in our facility in Nanjangud, Karnataka, India. There are currently six multi-purpose, multi-product commercial production plants at this facility. Our production plants are capable of conducting sophisticated manufacturing and chemical processes, particularly high-temperature or high-pressure reactions. Our Nanjangud Facility is approved by key regulators including the USFDA, PMDA Japan, KFDA Korean and Comisión Federal para la Protección contra Riesgos Sanitarios (The Federal Commission for the Protection against Sanitary Risk — Mexico) ("**COFEPRIS Mexico**"). The last USFDA inspection of our Nanjangud Facility was in October 2017 and the EIR from this inspection was received in February 2018.

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

We believe having large capacities in select products provides us with certain advantages, including:

- *Reduced changeover time leads to higher utilization*: We save approximately three production days per month for a line with two products;

- *Larger batch sizes*: Producing larger batches reduces our costs due to efficiencies in sources as well as reduces quality control cost for customers due to testing of a lower number of batches; and

- *Better customer service*: Shorter lead times enable us to get products to customers more quickly.

We have recently added a third stream to one of our existing plants at our Nanjangud Facility. We are currently also exploring options to increase our API production capacity including increasing the capacity of our existing Nanjangud Facility, building a new API facility at a new location and/or acquiring an existing API facility, among other things.

Raw Materials, Inputs and Suppliers

The primary raw material input for our APIs are fine chemicals, bulk chemicals, solvents, catalysts, and basic and advanced intermediates. Some of the fine chemicals and advanced intermediates we use are designated under DMFs as Key Starting Materials ("**KSMs**") for manufacturing of APIs. Such KSMs are subject to regulatory compliance and are sourced from manufacturers who are cGMP compliant in the manufacturing of these KSMs. For regulated markets such as the United States and Europe, KSM sources are specified in the process and DMFs and EDMFs, respectively. If a KSM supplier is changed in a regulated market, the relevant DMF or EDMF, associated ANDAs and dosage dossiers have to be updated to reflect the new KSM supplier. The prices of these raw materials generally fluctuate in line with commodity cycles, demand supply situations and changes in government policies. We evaluate and manage our commodity price risk exposure through periodical supply contracts as well as primary and responsive sourcing procedures. For most APIs we produce, we are not dependent on any single supplier for raw materials used in API production and have at least two or more approved sources for KSMs and other critical raw materials for most of our APIs.

Research and Development

Our API development centers in India have more than 150 scientists, focusing on the development of non-infringing processes for markets including the United States, Europe, Japan and Canada. These scientists focus exclusively on the R&D of new APIs in order to develop non-infringing processes facilitating the first-to-file advantage in ANDAs and dossiers in regulated markets. For example, we have developed difficult to synthesize complex molecules such as Aliskiren, Ticagrelor, Rosuvastatin, Lurasidone and Dabigatran. We also

have R&D facilities at our Nanjangud Facility, including a kilo lab and pilot plant, which are used to develop processes for the production of APIs from laboratory test amounts to larger commercial quantities.

We have chemistry expertise in complex chemistries such as chiral separation, low temperature reactions, bio-transformation and stereo-selective synthesis as well as other technical expertise. The API R&D team is organized according to specific functionalities, including chemical synthesis, analytical research, intellectual property rights ("**IPRs**"), and technology transfer. Our IPR group also monitors the patent status of our API products and coordinates patent filing and patent infringement issues worldwide.

In accordance with our strategy to expand our R&D efforts in complex formulations and differentiated formulations we have increased our R&D spending, leading to a large number of DMFs filed. See "*—Generics & APIs—APIs—Products*". To manage our costs, we have implemented cost improve programs for Oxcarbazepine, Valsartan, Pinaverium Bromide, Risperidone, Citalopram HBr and Olmesartan Medoxomil. For these products, we have reduced raw material costs in our API manufacturing by improving yields and solvent recovery rates.

Sales

As at June 30, 2018, we supplied our products and services to customers in over 85 countries. North America, where a majority of our customers are based, accounted for 80.1% and 84.8% of our total revenue from operations for the financial year ended March 31, 2018 and the three months ended June 30, 2018, respectively. Our other customers based in Europe, Asia and the rest of the world accounted for 19.9% and 15.2% of our total revenue from operations for the financial year ended March 31, 2018 and the three months ended June 30, 2018, respectively.

We intend to focus on strengthening our presence in the key developed markets of North America, Europe and Japan as well as in certain emerging markets. We intend to continue strengthening our United States marketing efforts for CMO, solid dosage formulations and APIs. We also have in place an extensive international logistics and distribution network to effectively cater to our international customers.

The following table is a breakdown of our revenue from operations (net) by geographic region, including the percentage contribution by such regions to our total revenue from operations for the periods indicated.

	Financial Year Ended March 31						Three Months Ended June 30			
	2016		2017		2018		2017		2018	
	(US$ thousands)	(%)	(US$ thousands)	(%)	(US$ thousands)	(%)	(US$ thousands)	(%)	(US$ thousands)	(%)
North America	319,363.4	72.9	325,091.8	70.6	495,649.5	80.1	99,180.8	79.3	149,564.4	84.8
Europe	50,795.2	11.6	80,225.3	17.4	57,794.6	9.3	12,046.5	9.6	10,679.0	6.1
Asia	26,382.4	6.0	31,977.3	6.9	39,502.5	6.4	9,637.7	7.7	9,508.3	5.4
Rest of the world	41,568.0	9.5	23,277.7	5.1	26,219.0	4.2	4,268.3	3.4	6,720.5	3.8
Revenue from operations (net)	**438,108.9**	**100.0**	**460,572.1**	**100.0**	**619,165.6**	**100.0**	**125,133.3**	**100.0**	**176,472.2**	**100.0**

Customers

For the financial years ended March 31, 2016, 2017 and 2018 and the three months ended June 30, 2018, our top 10 customers (excluding GPOs but including customers purchasing goods and services through such GPOs) contributed approximately 40.5%, 39.6%, 33.9% and 32.3% of our total revenue. For the financial year ended March 31, 2016, three of our top five customers contributed more than 5% of our total revenue for the year. For the financial year ended March 31, 2017, two of our top five customers contributed more than 5% of our total revenue for the year. For the financial year ended March 31, 2018 and the three months ended June 30, 2018, save for one customer, none of the top 10 customers of the Group contributed more than 5% of the total revenue.

We have agreements with GPOs that act as agents to negotiate vendor contracts on behalf of their members. Sales to members of our GPO relationships (based on member revenue) under various contracts

across our businesses, collectively accounted for 8.4%, 13.1%, 26.8% and 35.5%, respectively, of our total revenue from operations for the financial years ended March 31, 2016, 2017 and 2018 and the three months ended June 30, 2018.

Suppliers

For the financial years ended March 31, 2016, 2017 and 2018 and the three months ended June 30, 2018, our top 10 suppliers accounted for approximately 31.5%, 28.9%, 39.7% and 48.0% of the total payments to suppliers, and save for one supplier for the financial year ended March 31, 2018 and two suppliers for the three months ended June 30, 2018, none of our top 10 suppliers accounted for more than 5% of the total payments for such year and period, respectively.

Seasonality

Sales of individual products in individual markets may be subject to fluctuations from quarter to quarter. However, our consolidated results of operations have not been subject to any significant seasonality.

Order Book

As at August 31, 2018 based on internal estimates, we had a contractually committed order book amounting to approximately US$140.76 million, of which approximately US$125.44 million is expected to be delivered or completed within the next 12 months. Our order book is based on current agreements with our customers (exclusive of our Allergy Therapy products which are produced on a make to stock basis). Pursuant to such agreements, certain terms including price and quantity are not known and/or agreed as at August 31, 2018. In addition, as our order book may be subject to cancellation and deferral, our order books as at any particular date may not be indicative of our revenue for the succeeding period.

Prospects

Except as disclosed in this document in the section entitled "*Risk Factors—Risks Relating to Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", and elsewhere, to the best of our knowledge and belief, there are no other known trends, factors, demands, commitments, events or uncertainties that are reasonably likely to have a material effect on our financial condition and results of operations.

Facilities and Offices

As at June 30, 2018, we had four North American manufacturing facilities comprising one manufacturing facility for solid dosage formulations located in Salisbury, United States, one sterile injectables manufacturing facility in Spokane, United States for the contract manufacturing of sterile injectables and allergy therapy products, one sterile manufacturing facility for radiopharmaceuticals, and one sterile injectables and non-sterile products manufacturing facility for CMO, both located at Kirkland, Montreal, Canada, and two manufacturing facilities located in India, in Nanjangud and Roorkee, for APIs and solid dosage formulations, respectively. All our facilities in the United States (at Spokane and Salisbury), Canada (at Kirkland, Montreal) and India (at Nanjangud and Roorkee), are registered as establishments with USFDA. Our Nanjangud Facility has obtained ISO9001:2015, ISO 14001:2015 and BS OHSAS 18001:2017 certifications. Our central R&D center is located in Noida, Uttar Pradesh, India. Our Nanjangud Facility has also been granted the good manufacturing practices certificate by the Drugs Controller & Licensing Authority, Karnataka, India. Such certificate is granted for manufacturing activities for tablets (non beta lactum) and capsules (non beta lactum).

The following table sets forth certain information concerning our manufacturing facilities and principal locations:

Location	Primary Use/Products	Certifications (as at June 30, 2018)	Nature of Interest	Approximate Built-up Area (square meters)	Major Encumbrances
Nanjangud, Karnataka, India	R&D center	—	Freehold	267,688	—

	Production facility for APIs (CNS, CVS and antibiotics)	ISO 9001:2015, ISO 14001:2015, BS OHSAS 18001:2017, USFDA, Health Canada, ANVISA Brazil, Therapeutic Goods Administration — Australia ("**TGA Australia**"), PMDA Japan, European Medicines Agency ("**EMA**"), KFDA Korea, Agence Nationale de Sécurité du Médicament et des Produits de Santé — ANSM (The French National Agency for Medicines and Health Products Safety), COFEPRIS Mexico, World Health Organization ("**WHO**")-cGMP			
Roorkee, Uttarakhand, India..	Production facility for solid dosage formulations (oral solid dosage)	USFDA, Health Canada, UK-MHRA[4], ANVISA Brazil, TGA Australia, PMDA Japan, WHO-cGMP, EMA, MCC South Africa, MOH (Belarus), MOH (UAE), FDA (Jordan), MCAZ (Zimbabwe), FDA (Tanzania), DRU (Botswana), GMP (DLCA, India), WHO (India), CDSCO[4], RP Darmstaaft Germany, Federal Agency for Medicines and Health Products ("**FAGG**") (Belgium), Ivory Coast Approval, FDA (Philippines), Ministry of Health (Yemen and Vietnam)	Freehold	89,010	—
	Colony Land	—	Freehold	4,502	—
Kirkland, Montreal, Canada.	Contract manufacturing of sterile injectables (lyophilized and sterile injectable ointments, creams and liquids)	USFDA, Health Canada, ANVISA Brazil	Freehold	47,870[1][2]	—
	Production facility for radiopharmaceuticals (radioactive cold kits)	ISO 13485, USFDA, Health Canada			
	R&D center - radiopharmaceuticals	—			
Spokane, Washington, United States	Sterile injectables and allergy therapy products (lyophilized and sterile injectables)	USFDA	Freehold	17,798[3]	Charged in favor of Bank of America N.A.
Salisbury, Maryland, United States	Production facility for solid dosage formulations (oral solid dosage)	USFDA	Freehold	18,719	—
Noida, Uttar Pradesh, India.....	R&D center - API	DSIR (India)	Leasehold under license from the Parent	30,279	—
	R&D center - Solid dosage formulations	—	Leasehold under license from the Parent	55,089	—
	R&D center clinical research	—	Leasehold	29,390	—

Yardley, Pennsylvania, United States	Corporate office	—	63 month leasehold	882 (9,504 square feet)	—
Orlando, Florida, United States	Corporate office	—	Leasehold expiring on January 31, 2019 with two three-year renewal options	1,524 (16,406 square feet)	—
Merelbeke, Belgium	Office	—	Small office leasehold	<100	—
Singapore.....	Registered Office	—	Leasehold expiring on October 14, 2021	158	—

_____

Notes:

(1) The total facility has land and building area of 47,870 square meters, shared between contract manufacturing and production of radiopharmaceuticals. JDI also rents manufacturing and office space to JHS.

(2) The area of our Montreal Facility is subject to a small reduction as a result of appropriation in connection with the planned construction of Montreal's new rapid transit system. See "*Risk Factors—Risks Relating to Our Business—Supply interruptions, any shutdowns of our manufacturing facilities or other manufacturing or production problems caused by unforeseen events may reduce sales and adversely affect our financial condition and results of operations*".

(3) Our CMO operations occupy 15,704 square meters of the total built-up area, which is shared with our Allergy Therapy operations, occupying the remaining 2,094 square meters. Our Allergy Therapy business line also maintains an additional offsite leased location of 470 square meters, which supports raw materials processing for pollen.

(4) No separate certification from (i) UK-MHRA as such certification is valid through the GMP certifications of RP Darmstaaft Germany and FAGG (Belgium); and (ii) CDCSO as such certification is valid through the WHO (India) certification.

In addition to the facilities and offices described above, we have 51 SPECT nuclear pharmacies and three sites that manufacture PET products operating from a total of 52 physical locations in the United States. These physical locations are all leased. These radiopharmacies supply radioactive diagnostic doses to end-user customers and have been obtained approvals from the U.S. Department of Transportation (US-DOT), the U.S. Nuclear Regulatory Commission (the "**NRC**") and the relevant state board of pharmacy. We consider our radiopharmacy network adequate to meet our present needs. However, we regularly evaluate our radiopharmacy leases and may make further additions and improvements or consolidate locations as we seek opportunities to expand or enhance the efficiency of our radiopharmaceuticals business.

Capacity and Utilization

The following table shows the production capacity as at March 31, 2016, 2017 and 2018 and as at June 30, 2018 and utilization rates of our facilities for the years ended March 31, 2016, 2017 and 2018 and the three months ended June 30, 2018:

		Installed Capacity[1]				**Utilization rate[2] (%)**			
Facilities	**Units**	**As at March 31,**			**As at June 30,**	**For the years ended March 31**			**For the three months ended June 30,**
		2016	**2017**	**2018**	**2018**	**2016**	**2017**	**2018**	**2018**
Nanjangud Facility	Metric tonnes (MT)	854	874	874	874	80	83	82	79
Roorkee Facility	Doses (MM)	1,320	1,320	1,320	1,320	56	86	99	98
CMO Montreal Facility.....	Batches (Lyo)[4]	122	122	122	122	80	99	93	98
	Batches (SPD)	265	265	265	265	40	51	42	51

	Batches (OCL)[4]	200	200	200	200	2	4	1	1
JDI Montreal Facility.....	Ci for I-131	70,000	70,000	70,000	70,000	7.4	7.1	6.3	6.3
	Units for RUBY-FILL®	700	700	700	700	6.3	6.6	13	17
Spokane Facility (CMO)....	Batches	367	367	367	367	86	92	89	91
Spokane Facility (Allergy).	Vials	270,000	270,000	270,000	270,000	99	99	94	94
Salisbury Facility.....	Doses (MM)	2,200	2,200	2,200	2,200	72	65	72	59

Notes:

(1) Represents total production capacity assuming 100% utilization.

(2) Represents utilized capacity for the trailing twelve month period prior to the date indicated except in the case of the three-month period ended June 30, 2018.

(3) Exclusive of down time.

(4) Lyo refers to lyophilization line, SPD refers to sterile product department (ophthalmics, ampoules), and OCL refers to ointments, creams and liquids.

Regulatory Inspections and Quality Control

Pharmaceuticals is a highly regulated industry and pharmaceutical manufacturers are required to company with applicable post-approval regulatory requirements. Our six facilities undergo periodic inspections from various regulatory agencies including the USFDA, Health Canada, PMDA Japan, CDSCO, ANVISA, RP Darmstaaft Germany and UKMHRA. Our radiopharmacies are also subject to periodic inspections. Such inspections for compliance ongoing regulatory requirements, including cGMP, which impose certain procedural and documentation requirements upon pharmaceutical manufacturers and may be unannounced. In the United States, at the conclusion of an inspection, the USFDA may present a company with a Form-483 if an investigator has observed any conditions that in such investigator's judgment may constitute violations of the FDCA and applicable regulations. The Form-483 is then discussed with the company's senior management at that inspected facility. Companies are encouraged to respond to the Form-483 in writing with their corrective and preventative action plan within 15 days and then implement that action plan expeditiously. A Form-483 does not constitute a final USFDA determination of whether any condition is in violation of the FDCA or any of its relevant regulations. A Form-483 is considered, along with a written report called an EIR and all evidence or documentation collected on-site. The USFDA considers all of this information and then determines what further action, if any, is appropriate to protect public health.

In addition, manufacturers of pharmaceutical products are subject to reporting requirements. For example, we are required to report certain adverse reactions and production problems to the USFDA, provide updated efficacy information and comply with requirements concerning advertising and promotional labeling requirements. From time to time, we may determine that products we manufacture or market do not meet our specifications, regulatory requirements or published standards. When we or a regulatory agency identify a quality or regulatory issue, we are required to investigate and take appropriate corrective action, which may include recalling the product, correcting the product at the customer location, revising product labeling and notifying customers. As a precautionary measure, we have conducted voluntary recalls and market withdrawals of products manufactured by the Group in the United States, Canada and the rest of the world. For example, in 2017, we voluntary recalled 744 bottles of meclizine hydrochloride tablets. The bottles manufactured were part of the validation batch for process change requiring a 30-day waiting period for USFDA approval, and such bottles were inadvertently released prior to final approval from the USFDA. In May 2018, we voluntarily recalled two lots of Valsartan due to the potential inclusion of a coarser grade of excipient during the manufacturing process. The USFDA designated these voluntary recalls as Class III recalls and efforts relating to the latter two of these Class III recalls remain ongoing. Further to the recall in May 2018, in August 2018, we voluntarily recalled 10 additional lots of Valsartan which were prepared using excipient from the same shipment as the two lots of Valsartan recalled in May 2018. The USFDA has not yet formally classified this recall and efforts relating to this recall remain ongoing. In addition, some recalls may involve markets outside of the United States. For example, in 2016, we completed a voluntary Type I product recall of two lots of Draximage MDP kits for preparation of Tc99m Medronate Injection distributed to Canada because a glass particle was found in one of the vials distributed to Canada. Most recently, in August 2018, we voluntarily recalled certain batches of Esomeprazole enteric coated tablets in 20mg and 40mg dosage form, Levofloxacin 500mg film

coated tablets, Oxcarbazepine 300mg tablets and Valsartan capsules in 80mg and 160mg dosage form distributed to Europe due to the potential use of a coarser grade of excipient during the manufacturing process. See "*Risk Factors—Risks Relating to Our Business—As the manufacture of our products is technically complex and highly regulated, product recalls or other problems may reduce sales, adversely affect our financial condition and results of operations and delay the launch of new products*".

The Class III recalls we have experienced in the past were initiated by us through a voluntary notice submitted by us to the USFDA indicating our intent to initiate a voluntary recall of the relevant product. In such voluntary notice, we designate the recall classification. Upon receipt of such voluntary notice, the USFDA will review and may or may not respond if it agrees or disagrees with our classification of the recall. We notify our customers of a recall with the example letter supplied by us to the USFDA. For Class III recalls, the Company typically incurs costs related to assessment and evaluation of the product being recalled, logistics costs of bringing any remaining recalled products back to our warehouse, administrative fees to distributors and costs relating to the destruction of recalled products, if any.

We have established a global corporate-level quality control function that reports to the Senior Vice President Global Head of Quality ("**Sr. VP Global Head of Quality**"), sitting at the Company level, through a management notifications process. While the Sr. VP Global Head may update our Board of Directors and Chief Executive Officer, our Sr. VP Global Head of Quality is responsible for the decision-making in relation to the quality of our products. At a site-level, with the exception of our Montreal Facility which has two quality heads to oversee radiopharmaceuticals and CMO manufacturing, each of our other facilities in Spokane, Salisbury, Nanjangud, Roorkee and Noida have one designated quality head. The site-level quality heads of the facilities report to designated quality heads at the corporate-level and quality-related matters may then be further escalated to the Sr. VP Global Head of Quality. We believe we place a strong emphasis on implementing quality systems, training, quality by design, patient safety and data integrity compliance measures that are aligned with current guidelines applicable to us. We have in-house pharmacovigilance operations for our business lines except for Solid Dosage Formulations, for which we rely on an external vendor that is supervised by our in-house team.

We have in the past, received Warning Letters and untitled letters from the USFDA regarding certain operations. For example, our CMO facilities at Montreal and Spokane received Warning Letters from the USFDA in February 2013 and November 2013, respectively. Our response was to voluntarily shutdown the CMO section of the Spokane Facility until the USFDA's concerns had been addressed. Actions we took to address the USFDA's concerns in relation to the Montreal and Spokane facilities included (i) providing corrective action commitments to the USFDA regarding the respective Warning Letters each facility received; (ii) having in-person meetings at the relevant USFDA District Office to discuss the commitments and progress towards completion; and (iii) engaging the assistance of an external consulting firm specializing in USFDA inspections and Warning Letters to assist with the development of corrective action and provision of resources to implement such corrective actions. In addition, for the Spokane Facility, we committed to 16 specific quality enhancement plans/projects that reviewed and improved many of the facility's quality systems. These quality enhancement plans/projects were reviewed with the USFDA, which we committed to complete during follow-up inspections. Further to the subsequent USFDA inspection of the Spokane Facility in November 2014, the USFDA granted the Spokane Facility approval for pending regulatory supplements, clients' NDA applications and recommendation of an NDA for a client product. The USFDA formally confirmed that the violations identified in the Warning Letter to the Montreal Facility were resolved in September 2014 by way of a close-out letter and EIR for the Spokane Facility was received in June 2015. While we believe the violations identified in these Warning Letters have been adequately addressed, the Company's revenues were negatively impacted as a result of the Montreal Facility and Spokane Facility Warning Letters due to the disruption to our production from the shutdown of the CMO section of the Spokane Facility and our reputation amongst customers was negatively affected. See "*Risk Factors—Risks Relating to Our Business—As the manufacture of our products is technically complex and highly regulated, product recalls or other problems may reduce sales, adversely affect our financial condition and results of operations and delay the launch of new products*".

Our radiopharmacy in Kansas City, United States, which we acquired in September 2017 as part of our acquisition of Triad's assets, received a Warning Letter in March 2016 prior to our acquisition. Triad Isotopes, Inc., the owner and operator of such radiopharmacy at the time of the inspection took a number of corrective steps which included the training of key site personnel on investigation and root cause analysis tools and technique, as well as implementing aseptic practice training, developed by a sterility assurance third party consultant on an annual basis. The USFDA indicated in a letter dated November 8, 2016 that Triad Isotopes,

Inc.'s response to the Warning Letter appeared to be sufficient and would be verified during a subsequent inspection. See "*Business—Regulatory Inspections and Quality Control*" for further details.

We have placed a strong emphasis on implementing quality systems, training, quality by design, patient safety and data integrity compliance measures that are aligned with current guidelines applicable to our business. We aim to continue investing in quality and quality systems as well as implementing electronic systems such as enterprise resource planning systems to ensure robust compliance across all entities. Further, we are focused on improving the quality "on-the-floor" and resolving Corrective Action/Preventive Action (CAPA) deficiencies in a timely manner, and have invested in training which we believe will contribute to our efforts to deliver on our "first time right" customer service initiative.

Notwithstanding the above, our business is heavily regulated by governmental health authorities around the world and involves technically complex manufacturing processes, which may require strict environmental controls. If we or our third party suppliers fail to comply with regulations, there could be shutdowns or disruption of our manufacturing activities. There is also no guarantee that we will be able to successfully manage such issues if and when they arise.

Research and Development

Research & Development (R&D) is essential for innovation and plays a vital role in developing and adopting new technologies in the technologically intensive pharmaceutical industry. We have a team of well-qualified and experienced professionals in R&D centers spread across multiple locations that is specialized across the value chain of pharmaceutical research.

R&D supports the activities of various businesses through new product and process development, process intensification, absorption of technologies and establishing technologies at a commercial scale. We believe our strong R&D capabilities are demonstrated by complex and niche product filings in our APIs, solid dosage formulations and radiopharmaceuticals business lines.

We have R&D centers located in North America and India and, as at June 30, 2018, we employed a team of over 450 R&D professionals with expertise in the development of non-infringing processes for APIs and solid dosage formulations, as well as specialized and/or niche formulations and design for radiopharmaceuticals and other products, which have been taken to commercialization. As at June 30, 2018, we have filed 107 ANDAs, of which 37 ANDAs are pending approval in the United States.

During the financial years ended March 31, 2016, 2017 and 2018 and the three months ended June 30, 2018, we spent US$31.0 million, US$38.8 million, US$33.5 million and US$8.7 million, respectively, on R&D, representing 7.1%, 8.4%, 5.4% and 4.9%, respectively, of our total revenue from operations in those periods.

Intellectual Property Rights

We protect our products with patents in major markets. Depending on the jurisdiction, patent protection may be available for:

- individual active ingredients;
- specific compounds, formulations and combinations containing active ingredients;
- manufacturing processes;
- intermediates useful in the manufacture of products; and
- new uses for existing products.

The protection that a patent provides varies from country to country, depending on the type of claim granted, the scope of the claim's coverage and the legal remedies available for enforcement. For example, although patent protection in the United States is generally strong, under some circumstances U.S. law permits generic pharmaceutical manufacturers to seek regulatory approval of generic products before the patents expire. In addition, some developing countries have announced plans to reduce patent protection for some drugs.

As at June 30, 2018, we have been granted patents for intellectual property in various countries for innovations, including 12 active patents granted relating to APIs in a number of different countries, four active patents granted relating to solid dosage formulations in a number of different countries, 81 active patents granted relating to radiopharmaceutical products in a number of different countries and one active patent granted relating to allergy therapy products in the United States. Five patents for APIs and one patent for solid dosage formulations are registered in India in the name of the Parent and applications have been made to the Indian regulatory authorities for change in ownership.

We have trademarks in the United States, India, Canada, Europe and other jurisdictions worldwide. As at June 30, 2018, we held 94 registered trademarks across these jurisdictions, of which 32 registered trademarks in India are held by JLL and have been assigned to Jubilant Generics Limited ("**JGL**") and applications have been made to the Indian regulatory authorities for change in ownership. We use the corporate name and trademark "Jubilant" which is held by Jubilant Enpro Private Limited ("**JEPL**"), an entity owned by the Promoters. JEPL has registered the "Jubilant" trademark and logo, either individually or jointly, in a number of jurisdictions, including India. We are in the process of negotiating a licensing/sub-licensing arrangement with JEPL/JLL, which we expect to enter into in April 2019. Our use of the "Jubilant" trademark was not previously documented in writing and no royalties have historically been paid for such use. See "*Risk Factors—Risks Relating to Our Business—If we are unable to patent new processes and protect our proprietary information or other intellectual property, our business may be adversely affected*".

Competition

The pharmaceutical industry is highly competitive and is affected by new technologies, new developments, government regulations, healthcare legislation, availability of capital or financing and other factors. Many of our competitors have longer operating histories and substantially greater financial, R&D, marketing and other resources than us. We compete with numerous other companies that currently operate, or intend to operate, in the pharmaceutical industry, including companies that are engaged in the development, manufacturing and distribution of radiopharmaceutical, allergy therapy, generics & APIs products. We also compete with numerous companies that currently engage in the contract manufacturing of pharmaceutical products.

As a generic pharmaceutical supplier, we compete with branded products, as well as generic pharmaceutical companies supplying other bioequivalent products. Competing manufacturers of generic pharmaceutical products may create value for our customers by offering substitutes for branded pharmaceutical products at significantly lower prices. Some of our principal generic competitors are Par Pharmaceuticals, Inc., Sandoz Laboratories, Inc., Teva Pharmaceutical Industries Ltd., Mylan, Inc. and Amneal Pharmaceuticals Inc. Our key competitors in India include Cipla Limited, Aurobindo Pharma Limited, Camber Pharmaceuticals, Inc., Unichem Laboratories and West-Ward Pharmaceuticals. By focusing on our differentiated medicines with limited reliable competition, as well as taking advantage of our integration of products with dual sourcing of API, we aim to manufacture more profitable products relative to our competition. For our API business, the majority of our competition is from other Indian players, including Ipca Laboratories, Dr. Reddy's, Aurobindo Laboratories, Lupin Limited, Glenmark Pharmaceuticals and Cipla Limited. We also face competition from Chinese manufacturers such as Hisun, Huahai and Tianyu and players from Italy and Spain.

The market for diagnostic medical imaging agents is highly competitive and continually evolving. Large pharmaceutical, specialty pharmaceutical, radiopharmaceutical and biotechnology companies, academic institutions, governmental agencies and other public and private research organizations are commercializing or pursuing the development of products that aim to diagnose and treat serious conditions affecting patients. The diagnostic and therapeutic products and product candidates that they develop and/or produce may target the same conditions and cancers our products and product candidates aim to diagnose and/or treat. Our principal competitors in existing diagnostic modalities include large, global companies such as Curium, GE Healthcare, CardinalHealth and Bracco, as well as other competitors. We compete with such companies both in terms of efficacy and product portfolio across SPECT, PET and generics. While we believe our therapeutic approaches have significant advantages compared to conventional approaches, we may still face competition from conventional approaches for reasons of cost or familiarity of hospitals and doctors with existing treatments. According to Frost & Sullivan, the vertical integration of our radiopharmaceutical products manufacturing with our commercial radiopharmacy business provides us with competitive advantages in manufacturing, pre-commercialization of products and product delivery.

With respect to our CMO business line, the market is competitive, where companies often use pricing as a differentiator from their competitors. In addition, many competitors offer similar experience and expertise, including in the area of regulatory compliance. Supply base consolidation is expected to favor large, well-capitalized companies with broad capabilities, global scale and a good regulatory track record. We believe that our competitive strengths of sterile manufacturing expertise across solid dosage formulations, expertise in unique manufacturing requirements for lyophilization, ampoule, sterile ointment, ophthalmic, our market lead in North America in sterile vial manufacturing our technical expertise across our Spokane and Montreal manufacturing locations and expertise in semi-solid manufacturing and active relationships with global pharmaceutical companies allow us to compete effectively against our competitors.

Environmental Matters

Solid waste at our facilities is disposed, recycled or reused in accordance with applicable regulatory standards. Our facilities are also equipped with the necessary air pollution control equipment to keep emissions below applicable regulatory standards.

In the United States, we continue to invest resources to reduce or eliminate waste effluents and other hazardous materials produced by our facilities. We have secured all necessary licenses and permits under the relevant United States environmental regulations and we are in compliance with all applicable United States environmental regulations in all material respects. As at June 30, 2018, both our Spokane Facility and Salisbury Facility held valid permits for waste water, air and hazardous waste as applicable under local regulations. The Salisbury Facility submitted an application for industrial surface water discharge in September 2015 to the Maryland Department of Environment ("**MDE**") pursuant to the notification from the MDE dated August 31, 2015. On December 1, 2017, the MDE issued the permit for industrial surface water discharge to the Salisbury Facility, which expires on November 30, 2022.

In 2017, the United States Environmental Protection Agency ("**USEPA**") had cited our subsidiary, Jubilant Cadista Pharmaceuticals Inc. ("**Jubilant Cadista**"), for violating the Resource Conservation and Recovery Act, which is a federal law governing the treatment, storage and disposal of hazardous waste, including lab solvents and corrosive cleaner wastes. We provided a satisfactory action plan to comply with the observations of the USEPA and after discussions with the USEPA, Jubilant Cadista paid a US$35,000 penalty. Such penalty imposed did not have a material impact on our business and/or operations, and as at June 30, 2018, we have not received any notification of alleged violations or penalties imposed further to the 2017 notice.

We have taken specific operational or other measures aimed at reducing the likelihood of recurrence of violations relating to the storage and disposal of hazardous wastes. For example, at our Salisbury Facility, we have implemented several initiatives including (i) weekly inspection of the hazardous waste storage area intended to ensure containers are labeled correctly, kept closed, in good condition and not stored onsite for more than 90 days; (ii) a scheduled waste disposal once every other month where all containers in the 90-days storage areas are shipped offsite for disposal; (iii) implementing a training matrix to identify training requirements and assign proper personnel with environmental, health and safety ("**EHS**") expertise as hazardous waste manifest signatories and (iv) updating its Emergency Preparedness Contingency Plan (the "**Contingency Plan**") with the required elements, which was distributed to external emergency agencies. The Contingency Plan includes one Emergency Response Coordinator and two employees as backup, who have been each been trained to execute the Contingency Plan. The Salisbury Facility has hired an experienced EHS professional and we are in the process of considering the implementation of a software that will include a compliance calendar to automate notifications and alerts of critical dates.

In Canada, we have also implemented waste management initiatives for all of our facilities. We have secured all necessary consents and authorizations under the relevant Canadian environmental regulations and we are in compliance with all applicable Canadian environmental regulations in all material respects. We have not received any previous citation of violation during environmental inspections conducted either by the Canadian authorities or by our customers. As at June 30, 2018, both our CMO Montreal Facility and JDI Montreal Facility held valid permits for wastewater, air and storm water as required under local regulation.

In our Indian facilities, we have undertaken significant efforts to reduce and manage effluents by investments in incinerators in certain facilities and waste treatment facilities and improvements in production processes to reduce the quantity of effluents or increase recycling of materials, and upgrading of waste storage facilities. Our Indian manufacturing facilities have achieved zero discharge norms, meaning that the plants do not discharge any effluent outside of their premises, and the effluent that is discharged on the premises is treated

and recycled within the premises. Our Nanjangud Facility and Roorkee Facility comply with the International Finance Corporation ("**IFC**") EHS guidelines in addition to local regulatory requirements. Both our Nanjangud Facility and Roorkee Facility hold valid consents under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981.

Occupational Health and Safety

We have first-aid rooms in our manufacturing facilities. In addition, our Indian manufacturing facilities have set up occupational health centers, which are appropriately staffed by trained medical officers, medical technicians and other trained personnel. The medical facilities are equipped with the necessary equipment required for healthcare, first aid and other medical emergencies. We also conduct mandatory pre-employment and regular medical check-ups for all the employees.

We strictly follow safety norms at our manufacturing locations, including institution of safety permit systems and standard operating procedures. Our target is to achieve a zero incident record at all of our facilities. During the financial year ended March 31, 2018 and the three months ended June 30, 2018 there were no reportable lost time incidents at our Nanjangud Facility and Roorkee Facility. At our North American facilities there were a total of 19 lost time incidents during the financial year ended March 31, 2018 and four lost time incidents during the three months ended June 30, 2018. We have undertaken precautionary safety measures following such incidents or accidents in the past. As at June 30, 2018, we did not have any contingent liabilities relating to such incidents, however future occurrences of such incidents may subject us to liabilities.

Sustainability

In line with the Parent's continued focus on the sustainability of its business, we aim to improve stakeholder value through improved eco efficient use of capital and natural resources. The Company's approach to sustainable development focuses on economics, the environment and social performance. We are committed to working towards energy conservation and climate change mitigation.

Employees and Employee Benefits

As at March 31, 2016, 2017, 2018 and June 30, 2018, we had approximately 3,154, 3,443, 4,320 and 4,350 full time employees, including our management team, respectively.

Our approximate employee headcount by geographic region and function, as at March 31, 2016, 2017, 2018 and June 30, 2018, is set out below:

	Approximate headcount by region[(1)]			
	As at March 31,			**As at June 30,**
Region	**2016**	**2017**	**2018**	**2018**
North America	1,332	1,367	2,178	2,225
Europe[(2)]	9	9	7	5
Asia[(3)]	1,813	2,067	2,135	2,120
Total	**3,154**	**3,443**	**4,320**	**4,350**

Notes:

(1) The increase in approximate headcount as at March 31, 2018 as compared to March 31, 2017 was due to the acquisition of substantially all of the assets which comprised Triad's radiopharmacy business.

(2) Comprises our employees in Belgium and Germany.

(3) Comprises our employees in China and India.

	Approximate headcount by function[1]			
	As at March 31,			As at June 30,
Function	**2016**	**2017**	**2018**	**2018**
Accounts / Finance	76	83	97	97
Administration	9	8	11	11
Business Excellence & Six Sigma	9	13	14	14
CEO Office	5	6	4	4
EHS / Sustainability	21	20	28	25
Human Resources	43	45	56	57
Info & Tech	34	40	50	55
Manufacturing	1,537	1,676	2,344	2,369
Medical & Scientific Affairs	0	1	9	8
Legal	3	4	9	10
Pharmacovigilance	7	8	8	8
Program / Business Management	7	19	24	24
Projects	22	21	29	30
Quality	609	654	703	722
R&D	387	422	468	452
Regulatory Affairs	55	66	65	64
Sales & Marketing	109	113	146	145
Security	13	11	12	11
Supply Chain	180	186	189	193
Technical Services	28	47	54	51
Total	**3,154**	**3,443**	**4,320**	**4,350**

Note:

(1) The increase in approximate headcount as at March 31, 2018 as compared to March 31, 2017 was due to the acquisition of substantially all of the assets which comprised Triad's radiopharmacy business. Further, since Triad did not have the same breakdown by function as we do, all of Triad's employees that were part of pharmacy operations (pharmacists, technicians and drivers) became our employees are categorized under "Manufacturing".

As at June 30, 2018, some of our employees at our Nanjangud Facility, CMO Montreal Facility and JDI Montreal Facility, representing less than 10% of our employees, were members of unions, works committees, or otherwise had collective bargaining capability. We enjoy cordial relations with our employees and there have been no instances of major strikes, lockouts or other disruptive labor disputes with the exception of a 10-day strike in July 2016 over wages during the renewal of JDI's union contract. The strike was resolved amicably through a voluntary mediation process. During the absence of certain of our employees who were on strike, management personnel maintained production.

We have entered into a settlement agreement with our employees union at our Nanjangud Facility. There is no union of employees at our Roorkee Facility and we have not entered into any collective bargaining agreements with our employees at the Roorkee Facility.

Jubilant HollisterStier General Partnership ("**JHS GP**") and Jubilant DraxImage Inc. have each entered into collective bargaining agreements, which are valid until April 2018 and March 2019, respectively. JHS GP is currently re-negotiating its collective bargaining agreement, which remains valid during negotiations. Jubilant DraxImage Inc.'s collective bargaining agreement will continue to be in effect during the negotiation period.

We are currently in the process of negotiation the collective bargaining agreements with our employees at our facilities situated at Nanjangud, Karnataka, India and Montreal, Canada.

We provide various benefits to our employees, such as healthcare coverage. We fund a provident fund for employees' retirement. We also provide a superannuation plan for certain of our employees. The wages and benefits of our unionized employees are generally established pursuant to such collective bargaining agreements described above.

We have several initiatives to train and develop employees in building skills and capabilities. The training activities focus on functional requirements or generic skills enhancements, including marketing skills, behavioral skills, information technology, environmental awareness training, health and safety, and manufacturing or technical skills enhancement training.

In order to promote performance culture and individual performance, we have also introduced various initiatives, including introducing a variable pay component to senior management levels. In addition, we also award major milestones and recognize the small achievements at the individual level and at the team levels through our "Reward & Recognition Program". To further integrate our operations and to streamline our human resource automated processes, we have also implemented a human resource information system globally.

Insurance

We maintain insurance policies on all of our production facilities, including buildings, plants and machinery and inventories, covering fire and other contingencies such as riot, strike, flood, storm, earthquake and other natural and accidental risks (including burglary). All of our manufacturing facilities have industrial all-risk insurance coverage, including fire and burglary coverage for certain facilities in India, a commercial package policy, boiler and machinery breakdown coverage, earning and extra expense coverage and business interruption coverage for overseas facilities. We also maintain insurance on products in transit, such as imports, international sales, and inland transport. We also maintain global commercial general / product liability insurance for the majority of the products we manufacture. Besides this, we also maintain a clinical trial policy for our Indian operations.

We also maintain insurance policies, including commercial automobile, commercial umbrella, personal accident, worker compensation and group medical insurance, which we believe to be relevant to our business. In addition, we also maintain directors' and officers' liability insurance. We do not maintain key man life insurance on our executive officers.

We maintain public liability insurance policies for our industrial and non-industrial units in India and Environmental Impairment Liability policy for overseas operations, to cover risks that may include explosions, lapses in safety, industrial accidents, bodily injury, pollution liability, property damage or loss caused by the direct or indirect action of any of our facilities.

In the financial year ended March 31, 2018 and in the three months ended June 30, 2018, we paid an aggregate of US$1.9 million (insurance income US$0.8 million) and US$0.5 million (insurance income US$0.8 million), respectively, in insurance premiums, net of recoveries / adjustment in CTC under all of our insurance policies. We believe that our insurance coverage is reasonably sufficient to cover all normal risks associated with our operations and is in accordance with industry standards.

Legal Proceedings

We and our subsidiaries are from time to time involved in legal or arbitration proceedings, both as plaintiff and as defendant. The material proceedings in which we and/or our subsidiaries are currently involved in are set out below. Although no assurances can be given as to the outcome of legal proceedings, except as set out below, we are not involved in any legal or arbitration proceedings and no proceedings are currently pending or contemplated which may have or have had, in the 12 months immediately preceding the date of this document, a material effect on our financial position or profitability.

RUBY-FILL® Proceedings

New Jersey District Court

Bracco filed a complaint in the New Jersey District Court against the Jubilant Defendants on March 27, 2018 in connection with RUBY-FILL®, JDI's product. The complaint was a civil action for patent infringement arising under the patent laws of the United States, Title 35, United States Code, involving United States Patent Nos. 9,814,826, 9,750,869, 9,750,870, 9,299,467 and 9,299,468 (collectively, the "**patents-in-suit**").

JDI manufactures RUBY-FILL®, comprising a rubidium-82 generator and an elution system, which it sells under the trade name RUBY-FILL®. Prior to the launch of RUBY-FILL®, JDI had filed a 505(b)(2) NDA (NDA No. 202153) to market and sell a strontium-rubidium radioisotope infusion system, being RUBY-FILL® in the United States. On September 30, 2016, JDI received USFDA approval for RUBY-FILL®.

Bracco is the holder of NDA No. 19414 for CardioGen-82, a rubidium-82 generator with a closed system used to produce rubidium Rb-82 chloride injections for intravenous administration. Rubidium Rb-82 chloride injections are indicated by the USFDA for PET imaging of the myocardium under rest or

pharmacologic stress conditions to evaluate regional myocardial perfusion in adult patients with suspected or existing coronary disease.

In the complaint, Bracco alleges that the Jubilant Defendants infringe, contribute to the infringement of, and/or induce infringement of the five patents-in-suit under 35 U.S.C. § 271(a), 35 U.S.C. § 271(b) and/or 35 U.S.C. § 271(c) by making, using, selling, offering for sale, and/or importing into the United States products covered by one or more claims of such patents including, but not limited to, the RUBY-FILL® system. As a result of such infringement, Bracco has alleged that it has suffered actual and consequential damages of an amount that cannot be determined without discovery and special accounting. Bracco requested the court to, among other things, award damages in favor of Bracco including but not limited to lost profits, reasonable royalties, unjust enrichment, and/or benefits received by the Jubilant Defendants as a result of the alleged use of Bracco technology, interest, costs, reasonable attorneys' fees as well as other damages to which Bracco claims it is entitled under law or in equity. The complaint also requests a permanent injunction prohibiting the Jubilant Defendants from further infringement of the five patents.

We have carefully reviewed the allegations made by Bracco and intend to vigorously defend our legal positions. On June 27, 2018, before the Jubilant Defendants' answers to the complaint were due to be filed, the New Jersey District Court stayed this action pending final resolution of the USITC Proceeding. No schedule has been set in this action. The Jubilant Defendants response to the complaint will not be due until after the USITC Proceeding has completed and the stay in the New Jersey District Court action is lifted.

Legal proceedings of this nature can take a long time to resolve. We cannot predict when these legal proceedings will be completed and we cannot assure you that the New Jersey District Court will dismiss the claims or rule in our favor. The New Jersey District Court could grant temporary or permanent injunctive relief against us (which could result in the suspension and/or cessation of our manufacture and sale of RUBY-FILL®), deliver a ruling in favor of Bracco and/or award substantial monetary damages against us. The process for obtaining relevant governmental approvals to market our products is rigorous, time-consuming and costly. RUBY-FILL® took around 12 years to develop and get to market, requiring significant investment, including R&D, for which we have yet to generate returns. In addition, we are expecting synergies through the integration of RUBY-FILL® with our radiopharmacy services. Should we be unsuccessful in our defense, we would not only lose our investment but could be subject to large damages and/or heavy penalties. We may also incur significant costs and expenses because of these legal proceedings. Further, if the court does not find in our favor, we may be required to implement alternative technology, which could lead to delays or result in difficulties in meeting some of our contractual commitments. This could result in difficulties in our relationships with some customers and could lead to complaints and disputes with them. We do not know the total amount of possible damages and/or other costs that may result from this litigation, and the complaint did not quantify the relief sought by Bracco. Any award for monetary damages or other costs or any interruption of our operations could materially and adversely affect our business, financial condition, results of operations and prospects. See "*Risk Factors—Risks Relating to Our Business—If we are unable to defend ourselves in challenges related to intellectual property rights, we could be subject to injunctions preventing us from selling our products, resulting in a decrease in revenues, or we could be subject to substantial liabilities that would lower our profits and adversely affect our financial condition*".

United States International Trade Commission

On April 3, 2018, the USITC issued a Notice of Receipt of Complaint stating that it had received a complaint pursuant to § 210.8(b) of the USITC's Rules of Practice and Procedure filed on behalf of Bracco on March 27, 2018 (the "**Bracco USITC Complaint**"). In its notice, the USITC also solicited comments on any public interest issues raised by Bracco's filing pursuant to the USITC's Rules of Practice and Procedure.

On April 25, 2018, the USITC announced that it had voted to institute an investigation, entitled "*Certain Strontium-Rubidium Radioisotope Infusion Systems, and Components Thereof Including Generators",* Inv. No. 337-TA-1110, based on the Bracco USITC Complaint.

The Bracco USITC Complaint alleges violations of section 337 of the Tariff Act of 1930 (19 U.S.C. §1337) (the "**Tariff Act**") in the importation into the United States, the sale for importation, and the sale within the United States after importation of JDI's RUBY-FILL® systems and components thereof including generators, based on alleged infringement of United States Patent Nos. 9,814,826, 9,750,869, and 9,750,870. Bracco requested the USITC issue a limited exclusion order and cease and desist orders. The USITC has

identified us, the Parent and JDI as respondents in this investigation. The three Bracco patents asserted in the Bracco USITC Complaint are also asserted in the New Jersey District Court matter.

The institution of an investigation by the USITC is not a decision on the merits of the case. The USITC's Chief Administrative Law Judge first assigns the case to one of the USITC's administrative law judges ("**ALJs**" and each, a "**ALJ**"), who presides over the case and holds an evidentiary hearing. After the hearing, the ALJ makes an initial determination as to whether there is a violation of section 337 of the Tariff Act and, if a violation is found, a recommended determination as to remedy. The ALJ's initial determination is then subject to review by the USITC which will make a final determination in the investigation. If a violation is found, the USITC issues remedial orders unless it finds such orders would be against public interest. USITC remedial orders in section 337 cases are effective when issued and become final 60 days after issuance unless disapproved for policy reasons by the U.S. Trade Representative within that 60-day period. Final determinations of the USITC may be appealed to the U.S. Court of Appeals for the Federal Circuit.

The USITC referred the investigation to the ALJ to conduct an evidentiary hearing, currently scheduled to begin January 10, 2019. Under the current schedule, the ALJ is expected to issue an Initial Determination no later than April 15, 2019. We have carefully reviewed the allegations made by Bracco and intend to vigorously defend our legal positions. On May 31, 2018, the Jubilant Defendants filed their response to the Bracco USITC Complaint, denying any unlawful activities and noting that the remedial orders that Bracco requests, if issued, would harm public welfare and health, competitive conditions, consumers, and manufacturing in the United States. Additionally, the Jubilant Defendants are implementing changes to the RUBY-FILL® products to design around the three asserted patents. These design changes have been introduced into the USITC proceeding. The final USITC decision is not expected until August 2019. We cannot predict the outcome of the investigation and may be faced with exclusionary remedies against us (which could result in the suspension and/or cessation of our manufacture and sale of RUBY-FILL®) if the USITC determines we are in violation of section 337 of the Tariff Act. If we suspend or cease the manufacture and sale of RUBY-FILL®, we could lose any potential growth that RUBY-FILL® is expected to bring to our business. See "*Risk Factors—Risks Relating to Our Business—If we are unable to defend ourselves in challenges related to intellectual property rights, we could be subject to injunctions preventing us from selling our products, resulting in a decrease in revenues, or we could be subject to substantial liabilities that would lower our profits and adversely affect our financial condition*".

On August 22, 2018, we filed three Inter Partes Reviews at the United States Patent and Trademark Office ("**USPTO**") challenging the validity of United States Patent Nos. 9,299,467 and 9,299,468, being two of five patents asserted in the New Jersey District Court matter but not asserted in the USITC complaint.

USFTC Investigation

In May 2017, our Company and one of our Group companies were notified that the United States Federal Trade Commission ("**USFTC**") had begun a non-public investigation into certain competition law matters relating to our sales and distribution practices in our radiopharmaceuticals business and our then-pending acquisition of substantially all of the assets which comprised Triad's radiopharmacy business. In February 2018, our Company and Triad received two civil investigative demands ("**CIDs**") from the USFTC requesting certain information about our business and operations. The investigation is ongoing and we are in the process of producing documents and information in response to the CIDs. To date, the USFTC has not alleged any wrongdoing by the Company or any of our Group companies; however, no assurance can be given as to the timing or outcome of the investigation. If this investigation were to result in further inquiries or enforcement proceedings, we may incur substantial costs, be exposed to unanticipated civil liabilities or monetary penalties and be subject to restrictions on our activities, including but not limited to restrictions on our sales and distribution practices and the institution of monitoring obligations, in each case in a manner that may be materially adverse to our business. Moreover, the investigation and its outcome could expose us to negative publicity, which could adversely affect our brands, reputation and customer preference for our product. See "*Risk Factors—Risks Relating to Our Business—We are subject to certain competition and antitrust laws, including federal and state antitrust laws in the United States*".

Notwithstanding the above, from time to time, we may settle or otherwise resolve legal proceedings, investigations and other matters on terms and conditions that we believe to be in our best interest. Resolution of any or all claims, legal proceedings or investigations could have a material adverse effect on our results of operations and/or cash flow in any given accounting period, or on our overall financial condition.

RISK FACTORS

Risks Relating to Our Business

As the manufacture of our products is technically complex and highly regulated, product recalls, regulatory inspection failures or shortcomings at our manufacturing facilities or other problems may reduce sales, adversely affect our business, financial condition and results of operations and delay the launch of new products, and in some cases may lead to closures of our facilities.

The manufacture of our products is technically complex and subject to regulation by various governmental authorities throughout the world. For instance, we must comply with requirements of the USFDA, Health Canada, UKMHRA, EMA, CDSCO and Drugs Controller & Licensing Authority in India and other healthcare regulators with respect to the research, development, preclinical and clinical testing, manufacture, safety, effectiveness, record-keeping, reporting, storage, approval, labeling, sale, distribution, marketing, advertising, promotion, import and export of pharmaceutical products. In addition, because our operations include the manufacture and distribution of medical radioisotopes and other medical products, we are subject to regulation by the NRC, the departments of transport of each state and the departments of health of each state in which we operate and the applicable state boards of pharmacy. The USFDA is also involved in the regulation of cyclotron facilities where PET products are produced in compliance with cGMP requirements and U.S. Pharmacopeia requirements for PET drug compounding. Failure to comply with these requirements may lead to delays in the submission or approval of potential new products for commercialization and marketing, financial penalties, compliance expenditures, the recall or seizure of products, total or partial suspension of production and/or distribution, closure of affected facilities, suspension of the applicable regulator's review of our submissions, enforcement actions, injunctions and criminal prosecution. For example, we completed a voluntary Class III recall of batches of Bupropion in June 2018 due to quality issues. In 2016, we voluntarily conducted a Class III recall of over 1,500 bottles of glucocorticoid methylprednisolone tablets in the United States and Puerto Rico due to incorrect labelling (i.e. the incorrect expiration date of "02/0218" was printed on the container label instead of the correct expiration date of "02/2018"). In 2017, we voluntary recalled 744 bottles of meclizine hydrochloride tablets. The bottles manufactured were part of the validation batch for process change requiring a 30-day waiting period for USFDA approval, and such bottles were inadvertently released prior to final approval from the USFDA. In May 2018, out of abundance of caution and risk to patient safety, we voluntarily recalled two lots of Valsartan due to the potential inclusion of a coarser grade of excipient during the manufacturing process. The USFDA designated these voluntary recalls as Class III recalls and efforts relating to the latter two of these Class III recalls remain ongoing. Further to the recall in May 2018, in August 2018, we voluntarily recalled 10 additional lots of Valsartan which were prepared using excipient from the same shipment as the two lots of Valsartan recalled in May 2018. In August 2018, we completed an internal investigation for one lot of Methylprednisolone tablets for failing a stability test at 18 months and initiated a voluntary product recall. The USFDA has not yet formally classified these recalls and efforts relating to these voluntary recalls remain ongoing. In addition, we have experienced voluntary market withdrawals in the past, including for example, 13,152 bottles of Pantoprazole Sodium Delayed-Release tablets USP, 40mg due to discolored tablets in December 2016 and 2,016 blisters of Olanzapine OD tablets, 15mg due to an incorrect National Drug Code (NDC) on the shipper label in April 2018. Further, some recalls may involve markets outside of the United States. For example, in 2016, we completed a voluntary Type I product recall of two lots of Draximage MDP kits for preparation of Tc99m Medronate Injection distributed to Canada because a glass particle was found in one of the vials distributed to Canada.

We must register our facilities, whether located in the United States or elsewhere, with the USFDA as well as regulators outside the United States, and our products must be made in a manner consistent with cGMPs or similar standards in each territory in which we manufacture. In addition, the USFDA and other agencies periodically inspect our manufacturing facilities. Following an inspection, the USFDA or other regulatory authorities may issue a Form-483 listing conditions that are observed to violate cGMP or other regulations, a Warning Letter for violations of "regulatory significance" that may result in enforcement action if not promptly and adequately corrected and/or observations which we are required to respond to. For example, our CMO Montreal Facility and Spokane Facility received Warning Letters from the USFDA in February 2013 and November 2013, respectively. Our radiopharmacy in Kansas City, United States, which we acquired in September 2017 as part of our acquisition of Triad's assets, received a Warning Letter in March 2016 prior to our acquisition. The Warning Letter in respect of the CMO Montreal Facility cited, among other things, (i) inadequate investigation and root cause analysis of batch failures, (ii) inadequate procedures for production and process control, (iii) inadequate procedural controls to address disposition of material and (iv) failure to establish criteria for sampling and testing of drug product. The Warning Letter in respect of the Spokane Facility

cited, among other things, (i) inadequate written procedures and safety operating procedures, (ii) inadequate documentation of work orders, (iii) poor investigations regarding root cause analysis and (iv) failure to assure an adequate system for cleaning and disinfecting aseptic processing areas and equipment. The Warning Letter in respect of the Kansas City radiopharmacy cited, among other things, that drug products were prepared, packed or held under unsanitary conditions. Our response with respect to the Spokane Facility was to voluntarily shutdown the CMO section of the Spokane Facility until the USFDA's concerns had been addressed. The USFDA formally confirmed that the violations identified in the Warning Letter to the CMO Montreal Facility were resolved in September 2014 by way of a close-out letter and EIR for the Spokane Facility was received in June 2015. See "*Business—Regulatory Inspections and Quality Control*" for further details. While we believe the violations identified in these Warning Letters have been adequately addressed, the Company's revenues were negatively impacted as a result of the CMO Montreal Facility and Spokane Facility Warning Letters due to the disruption to our production from the shutdown of the CMO section of the Spokane Facility and our reputation amongst customers was negatively affected.

Furthermore, the USFDA or other regulatory authorities may identify other regulatory violations in our operations at these or our other manufacturing facilities from time to time. One or more of our significant manufacturing facilities may be the subject of further warning letters, untitled letters, inspectional observations or other adverse notices or enforcement action from regulators, who may impose restrictions on or withhold necessary authorizations for their operations. If we are required to cease or limit production at such facilities, we could experience disruptions or delays to their production, which could materially and adversely affect our business. We may not succeed in mitigating the impact of such disruptions or delays if we do not remedy the violations identified, fail to do so in a timely manner, or if we are unable to reallocate our production to our other facilities.

Three out of six of our manufacturing facilities were most recently inspected by the USFDA in the financial year ended March 31, 2018. Of the remaining sites, the Salisbury Facility was inspected in April 2018, the CMO Montreal Facility was inspected in May 2018 and the Roorkee Facility was inspected in August 2018. Several of these recent inspections resulted in the issuance of Form-483 inspectional observations, including inspections of our Roorkee Facility, Nanjangud Facility and Spokane Facility as well as our CMO Montreal Facility. Our radiopharmacy in Kansas City was also inspected in June 2017, before we acquired it in September 2017, for which Form-483 inspectional observations were issued.

Historically, we have received Form-483 observations in connection with inspections of all of our manufacturing facilities. Upon receipt of a Form-483, we work to address any inspectional observations in a timely manner to obtain the EIRs from such inspections, which indicate formal closure of the inspections as of the date of the respective EIRs. As of the date of this document, we have not received the EIRs from the most recent inspections of the Roorkee Facility or the Kansas City radiopharmacy. In addition to inspections by the USFDA, in the financial year ended March 31, 2018, we were inspected by a number of other regulatory agencies, including, Health Canada (CMO Montreal Facility and Nanjangud Facility), CDSCO in India (Roorkee Facility), ANVISA Brazil (Spokane Facility) and RP Darmstadt Germany (Roorkee Facility), and in the three months ended June 30, 2018, we were inspected by Health Canada (JDI Montreal Facility).

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

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

Our business operates within a highly regulated environment. We must comply with a broad range of regulatory controls on the testing, manufacture and marketing of many of our products. In some countries, including the United States, Europe and Japan, regulatory controls have become increasingly demanding. We expect this trend to continue globally. Although we have adopted measures to address these stricter regulations,

such as increasing the efficiency of our internal R&D process in order to reduce the impact of extended testing on the time-to-market for our products, stricter regulatory regimes may increase our compliance costs, delay our product development and hinder our marketing and sales and we may therefore not be able to recover our investment in R&D in a timely manner or at all. See also "*—A heightened public or regulatory focus on the radiation risks of diagnostic imaging could have an adverse effect on our business*". If we fail to comply with regulatory requirements, or if allegations are made that we fail to comply, our financial condition and results of operations could be adversely affected.

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

In March 2010, the U.S. Congress ("**Congress**") enacted the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act (collectively, the "**ACA**"). The ACA is intended to broaden access to health insurance, reduce or constrain the growth of healthcare spending, enhance remedies against fraud and abuse, add new transparency requirements for healthcare and health insurance industries, impose new taxes and fees on the health industry and impose additional health policy reforms. The ACA is likely to continue the pressure on pharmaceutical pricing, especially under the Medicare program, and may also increase our regulatory burdens and operating costs.

We cannot predict which additional measures may be adopted or the impact of current and additional measures on the marketing, pricing and demand for our products. In January 2017, Congress voted to adopt a budget resolution for fiscal year 2017 that authorizes the implementation of legislation that would repeal portions of the healthcare reform legislation. Further, on January 20, 2017, President Trump signed an Executive Order directing federal agencies with authorities and responsibilities under the healthcare reform legislation to waive, defer, grant exemptions from, or delay the implementation of any provision of healthcare reform legislation that would impose a fiscal or regulatory burden on states, individuals, healthcare providers, health insurers, or manufacturers of pharmaceuticals or medical devices. We are subject to certain competition and antitrust laws which may affect the way we conduct our business. See "*—We are subject to certain competition and antitrust laws throughout the world, including federal and state antitrust laws in the United States*". We expect both federal and state governments in the United States and foreign governments to continue to propose and pass new legislation, rules and regulations designed to contain or reduce the cost of healthcare while expanding individual healthcare benefits. Existing regulations that affect the price of pharmaceutical products may also change which could impact the sales of our products. Cost control initiatives and political pressure could decrease the price that we receive for any product we develop in the future. Price escalation of pharmaceutical products may also lead to the risk of implementation of price controls in the future, which could have a material adverse effect on our business, financial condition, results from operations, particularly if such price controls affect products for which we have a high market share, including our radiopharmaceutical products.

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

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

Our business is subject to rigorous licensing requirements.

We are subject to rigorous and extensive licensing and permit requirements. To lawfully operate our businesses, we are required to obtain and hold licenses, permits, product registrations and other regulatory approvals from, and to comply with operating and security standards of, numerous governmental bodies. These licensing and permit requirement are imposed by regulators at both a national and local level, and cover all aspects of our business, including without limitation, our manufacturing facilities, our products and product

development and handling, distribution and sales of products. Failure to maintain or renew necessary licenses, permits, product registrations, licenses or approvals, or to comply with required standards, could have an adverse effect on our business, financial condition and results of operations. See also "*—As the manufacture of our products is technically complex and highly regulated, product recalls, regulatory inspection failures or shortcomings at our manufacturing facilities or other problems may reduce sales, adversely affect our financial condition and results of operations and delay the launch of new products*" and "*—If we are unable to maintain a sufficiently large portfolio of pharmaceutical products and services and manage their development and approval processes so as to bring them to market on a timely basis, our growth strategy may not be successful and our business would be adversely affected*", and in some cases may lead to closures of our facilities.

Our dependence on a limited number of third party suppliers for some of our key raw materials such as Molybdenum could prevent us from delivering some of our products, including radiopharmaceutical products, to our customers in the required quantities, within the required timeframe, or at all, which could result in order cancellations and decreased revenues.

For some of our key raw materials, including certain radioactive isotopes that are used in our radiopharmaceutical and commercial radiopharmacy business, we have only a single or a few, external sources of supply, and alternate sources of supply may not be readily available. If our supply of certain raw materials or finished products is interrupted from time to time, or proves insufficient to meet demand, our results of operations could be adversely impacted. In addition, if we are unable to obtain such raw materials, or if we are unable to obtain them at a competitive cost, our competitiveness would be affected and we may lose market share.

For both our radiopharmaceutical and our commercial radiopharmacy businesses, a critical ingredient is Tc99m, used for a majority of cold-kit preparations. Tc99m has a half-life of about six hours and is generated through the decay of Molybdenum. Molybdenum 99 is the parent radioisotope contained in the Molybdenum/ Technetium generator. Molybdenum has a half-life of approximately 66 hours and is produced by a limited number of nuclear reactors, all of which are located outside the United States. We purchase our generators from two generator suppliers. These generators produce the Tc99m necessary for the operation of our commercial radiopharmacies. Maintaining adequate supply of Tc99m to all nuclear pharmacies is a critical process for generator manufacturers who source Molybdenum. Molybdenum processing sites obtain Molybdenum from five of the six main Molybdenum producing reactors in the world, namely, OPAL in Australia, BR2 in Belgium, LVR-15 in the Czech Republic, HFR in The Netherlands and SAFARI in South Africa. These limited processing sites supply generator manufacturers with the needed parent isotope to manufacture generators, thus providing the Tc99m in North America. Any prolonged disruption of supply from the Molybdenum reactors or processors could have a material adverse effect on our business, financial condition, results from operations and cash flows.

We require radioisotopes such as Sr-82 and I-131, which are procured from third party isotope processing companies. According to Frost & Sullivan, there are only three major suppliers globally for I-131 radioisotopes, of which we have entered into supply contracts with two such suppliers. If the available supply of radioisotopes is insufficient to meet the demands of our radiopharmaceutical business, our ability to manufacture, sell and distribute certain products could be limited and result in a material adverse effect on our business, financial condition, results of operation, and cash flows. For example, due to regulatory issues, one of our supplier's processing facility has been off-line since late November 2017, and is currently not producing Molybdenum or I-131. Any interruption of supply from any one or both of our suppliers, including any unanticipated outage, shutdown and/or suspension of production of radioisotope producers could lead to sudden shortages of radioisotopes in the markets and could have a material adverse effect on our businesses, financial condition, results from operations and cash flows.

Further, because a number of our radiopharmaceutical products rely on radioisotopes with limited half-lives, we must prepare, conduct quality testing and distribute these products on a strict schedule and timely basis, because the underlying radioisotope is in a constant state of decay. For example, Tc99m generators are constantly decaying and impacting the availability of Tc99m for the preparation of cold kits for customers. Tc99m requirements are highly controlled and any delay in us receiving our generators from our suppliers or being able to have finished products delivered to customers when requested for patients, or because of weather or other unforeseen transportation issues could have a negative effect on our business, financial condition, results of operation, and cash flows.

With the general instability in the global supply of Molybdenum, directly impacting cost of Tc99m and other radioactive isotopes we require for our radiopharmaceutical business, we may from time to time face increases in the cost of Tc99m generators or other radioactive isotopes in comparison to historical costs. We expect these cost increases to continue in the future as the suppliers of such radioactive isotopes move closer to a full cost recovery business model. The Organization of Economic Cooperation and Development (OECD) defines full cost recovery as the identification of all of the costs of production and recovering these costs from the market. We fully expect our generator suppliers to pass cost increases on to us in our supply contracts, and if we are not able to pass such costs along to our customers in the future, our margin may decline with respect to our radiopharmaceutical products that require the input of such isotopes, which could have a material adverse effect on our business, financial condition, results of operation, and cash flows.

For our allergy therapy products, in connection with manufacturing of venom products for the treatment of allergies, we must source venom for its production. Venom products are made from venom gathered by hand from individual insects. A scarcity of venom could lead to backorders and affect our reputation among customers.

In our Generics & APIs business segment, we must ensure a regular and secure supply of the raw materials required to produce our products. The principal raw material input for our APIs are fine chemical products and other advanced intermediate compounds, almost all of which we purchase from third party sources. In addition, for our solid dosage formulations, we currently use one supplier for one of the raw materials used to produce methylprednisolone.

While one supplier accounted for 14.5% and 18.8% of our total payments to suppliers for the financial year ended March 31, 2018 and the three months ended June 30, 2018, due to the range of different products in our portfolio, we do not believe we have significant risk of supplier dependency on a consolidated basis. However, any failure to source any of our key raw materials required to produce our products, even on a temporary basis, could affect our ability to deliver some products to our customers in required quantities, within the required timeframe or at all, which could result in order cancellations and decrease in revenues.

Our revenues and profits from generic pharmaceutical products may, and often do, decline as a result of pricing pressures and the continuing consolidation of our customer base and commercial alliances among our customers.

As patents for branded products and related exclusivity periods expire or are ruled invalid, the first generic pharmaceutical manufacturer to receive regulatory approval for a generic version of the reference product is generally able to achieve significant market penetration and higher margins on that product. As competing generic pharmaceutical manufacturers receive regulatory approval on a product, market share, revenue and profit typically decline for the original generic entrant. Prices of generic drugs typically decline, often dramatically, often within a few months from commercialization, especially as additional generic pharmaceutical companies (including low-cost generic producers based in China and India) receive approvals and enter the market for a given product and competition intensifies. Consequently, our ability to sustain our sales and profitability on any given product over time is affected by the number of new companies selling such product and the timing of their approvals.

In addition, intense pressure from government healthcare authorities seeking to reduce their expenditures on prescription drugs, particularly in highly regulated European and North American markets, has resulted in lower pharmaceutical pricing, causing decreases in revenues and profits. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Significant Factors Affecting our Results of Operations—Pricing and Governmental Regulation*".

In the recent past, the barriers to entry for new entrants to the APIs and/or generics industry have reduced, thus resulting in a larger competitive field. Pursuant to The Generic Drug User Fee Act (GDUFA), all companies that manufacture human generic drug products, and active ingredients for human generic drug products, that are distributed in U.S. commerce are subject to USFDA user fees. One of the objectives was to increase predictability and timeliness in the review process for generic drugs. We believe as a result of the imposition of such fees by the USFDA, the lead time for approval from the USFDA has reduced thereby increasing the competitive intensity within our industry. At the same time, the customer base for APIs and/or generics manufacturers has seen significant consolidation at the purchasing level, resulting in increased purchasing power for the customer. For example, a significant proportion of our generics sales are made to relatively few retail drug chains and pharmaceutical wholesalers in the U.S. and in other geographic markets.

These customers have undergone and may continue to undergo significant consolidation (such as the partnership of Walgreens, Alliance Boots and Amerisource Bergen). Such consolidation has provided and may continue to provide them with additional purchasing leverage, and consequently may increase the pricing pressures that we face. Additionally, the emergence of large buying groups representing independent retail pharmacies, and the prevalence and influence of managed care organizations and similar institutions, enable those groups to extract price discounts on our products. Certain of these GPOs had in the past, made aggressive requests for pricing proposals and established commercial alliances resulting in greater bargaining power. We expect the trend of increased pricing pressures from our customers and price erosion in the U.S. generics market to continue. We expect that consolidation of drug wholesalers and retailers will increase pricing and other competitive pressures on generic drug manufacturers, including those in the United States. This dual effect of increased competition and increased purchasing power has resulted in a downward trend for prices for our generics & APIs products. If these trends continue or worsen, or if we experience further difficulty in this market, this may continue to adversely affect our revenues and profits from the APIs and/or generics industry.

The traditional model for distribution of pharmaceutical products is also undergoing disruption as a result of the entry or potential entry of new competitors and significant mergers among key industry participants. For example, according to Frost & Sullivan, Amazon.com has recently taken steps to develop a pharmaceutical distribution business. Also, the consolidation resulting from the merger of CVS Health Corporation and Aetna Inc., if consummated, is expected to create a vertically integrated organization with increased control over the physician and pharmacy networks and, ultimately, over which medicines are sold to patients. In addition, several major hospital systems in the United States announced a plan to form a nonprofit company that will provide U.S. hospitals with a number of generic drugs. In January 2018, Amazon Inc., Berkshire Hathaway Inc. and JPMorgan Chase & Co., announced that they plan to join forces by forming an independent healthcare company for their combined one million U.S. employees. This initiative is expected to further increase competition and enhance price erosion. These changes to the traditional supply chain could lead to our customers having increased negotiation leverage as well as additional pricing pressure which could have a material adverse effect on our business, financial condition and results of operations.

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

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

These actions may increase the costs and risks of our efforts to introduce generic products and may delay or prevent such introduction altogether, and could materially and adversely affect our business, financial condition, results of operations and prospects.

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

There has been substantial patent related litigation in the pharmaceutical and medical device industries concerning the manufacture, use and sale of various products. We take all reasonable steps to ensure that our products do not infringe valid third party IPRs. However, further to our launch of RUBY-FILL®, an innovative technology for PET MPI, Bracco filed two legal challenges against the Jubilant Defendants in the New Jersey District Court and with the USITC. These challenges, if not adjudicated in our favor, may result in monetary damages, the exclusion of certain systems and components from importation as well as suspension and/or cessation of our manufacture and sale of RUBY-FILL® in the United States, which could materially and adversely affect our business, financial condition, results of operations and prospects.

Bracco filed a complaint in the New Jersey District Court against the Jubilant Defendants on March 27, 2018 in connection with RUBY-FILL® for patent infringement arising under the patent laws of the United States, Title 35, United States Code. In the New Jersey District Court complaint, Bracco alleges that the Jubilant Defendants have infringed and continue to infringe five U.S. patents that Bracco owns by assignment. We have carefully reviewed the allegations made by Bracco and intend to vigorously defend our legal positions. However, legal proceedings of this nature can take a long time to resolve, and we cannot predict when the New Jersey District Court proceeding, which has been stayed pending the final resolution of the USITC proceeding, will be completed. Further, we cannot assure you that the New Jersey District Court will dismiss the claims or rule in our favor. The New Jersey District Court could grant injunctive relief against us (which could result in the suspension and/or cessation of our manufacture and sale of RUBY-FILL® in the United States) and/or award substantial monetary damages against us. The process for obtaining relevant governmental approvals to market our products is rigorous, time-consuming and costly. RUBY-FILL® took around 12 years to develop and get to market, requiring significant investment, including R&D, for which we have yet to generate returns. In addition, we are expecting synergies through the integration of RUBY-FILL® with our radiopharmacy services. Should we be unsuccessful in our defense, we could not only lose our investment but be subject to large damages and/or heavy penalties. We may also incur significant costs and expenses because of these legal proceedings. Further, if the court does not find in our favor, we may be required to implement alternative technology, which could lead to delays or result in difficulties in meeting some of our contractual commitments. This could result in difficulties in our relationships with some customers and could lead to complaints and disputes with them. We do not know the total amount of possible damages and/or other costs that may result from this litigation, and the complaint did not quantify the relief sought by Bracco. Any award for monetary damages, royalty payments or other costs or any interruption of our operations could materially and adversely affect our business, financial condition, results of operations and prospects.

On the same date Bracco filed its complaint in the New Jersey District Court, Bracco also filed a complaint with the USITC alleging violations of section 337 of the Tariff Act by the Jubilant Defendants for the importation into the United States, the sale for importation, and the sale within the United States after importation of JDI's RUBY-FILL® products based on alleged infringement of three U.S. patents that Bracco owns by assignment. The three Bracco patents asserted in the USITC complaint are also asserted in the New Jersey District Court matter. On April 25, 2018, the USITC announced that it had voted to institute an investigation. If the USITC finds a violation of section 337, it issues remedial orders barring importation and sale in the United States of the products found to infringe unless it finds such orders would be against public interest. USITC remedial orders in section 337 cases are effective when issued and become final 60 days after issuance unless disapproved for policy reasons by the U.S. Trade Representative within that 60-day period. The USITC referred the investigation to an ALJ to conduct an evidentiary hearing, currently scheduled to begin January 10, 2019. Under the current schedule, the ALJ is expected to issue an Initial Determination no later than April 15, 2019. We have carefully reviewed the allegations made by Bracco and intend to vigorously defend our legal positions. On May 31, 2018, the Jubilant Defendants filed their response to Bracco's USITC complaint, denying any unlawful activities and noting that the remedial orders that Bracco requests, if issued, would harm public welfare and health, competitive conditions, consumers, and manufacturing in the United States. Additionally, the Jubilant Defendants are implementing changes to the RUBY-FILL® products to design around the three asserted patents. These design changes have been introduced into the USITC proceeding. The final USITC decision is expected in August 2019. We cannot predict the outcome of the investigation and may be faced with exclusionary remedies against us (which could result in the suspension and/or cessation of our manufacture and sale of RUBY-FILL® in the United States) if the USITC determines we are in violation of section 337 of the Tariff Act. While the revenue contribution from the sales of RUBY-FILL® was not material in financial year ended March 31, 2018, we expect that this will increase in the future and should we suspend or

cease the manufacture and sale of RUBY-FILL®, we could lose any potential growth that RUBY-FILL® is expected to bring to our business, and any orders against us could materially and adversely affect our business, financial condition, results of operations and prospects. On August 22, 2018, we filed three Inter Partes Reviews at the USPTO challenging the validity of two of five patents asserted in the New Jersey District Court matter but not asserted in the USITC complaint. See "*Business—Legal Proceedings—RUBY-FILL® Proceedings*" for further details.

Companies in the pharmaceutical industry commonly assert patent and other IPRs claims in order to delay or prevent competition. In the normal course of business, we are sometimes subject to lawsuits. The ultimate outcome of any such litigation could adversely affect our financial condition, results of operations and cash flow. Regardless of regulatory approval, should anyone commence a lawsuit against us with respect to any alleged patent infringement by us, whether because of the filing of an application for governmental approval, such as an ANDA, or otherwise, the expense of any such litigation and the resulting disruption to our business, whether or not we are successful, could harm our business. The uncertainties inherent in patent litigation make it difficult for us to predict the outcome of any such litigation. If we are unsuccessful in defending ourselves against these suits, we could be prevented from selling our products, resulting in a decrease in revenues, or to damages, which may be substantial. Either event could adversely affect our consolidated financial position, results of operations or liquidity.

Furthermore, in order to sell our API products in regulated markets, we are required to submit DMFs, which among other things, provide information regarding the production site, the API product, the manufacturing process and input materials. If the DMF for a particular API product is determined by a regulatory authority to be inaccurate and cancelled as a result, we could lose access to regulated markets. Similarly, in order to sell our solid dosage formulations, we require ANDAs or dossiers, which provide information on, among others, manufacturing process and facility, stability data, input material, and make reference to the DMF of APIs used. If the ANDA or dossier is found to be incorrect, launches of our solid dosage formulations may be delayed and we could fail to capitalize on related business opportunities.

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

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

Clinical drug development involves a lengthy and expensive process with uncertain timelines and uncertain outcomes. If clinical trials of our product candidates are prolonged or delayed, or if we are required to conduct additional clinical trials for certain of our product candidates, we or any industry partners involved in the conduct of such trials may be unable to obtain required regulatory approvals, and therefore may be unable to commercialize our product candidates on a timely basis or at all.

Clinical testing, in which people volunteer to test new treatments, even when utilizing expedited approval pathways such as the 505(b)(2) pathway, is expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the clinical trial process, even with active ingredients that have previously been approved by the USFDA as safe and effective. The results of preclinical studies and early clinical trials of our product candidates may not be predictive of the results of later stage clinical trials. A number of companies in the biopharmaceutical industry have suffered significant setbacks in

advanced clinical trials due to lack of efficacy or adverse safety profiles, notwithstanding promising results in earlier trials.

To obtain the requisite regulatory approvals to market and sell any of our product candidates, we and/or our industry partners for such candidate typically must demonstrate through extensive preclinical and clinical trials that our product candidates are safe and effective in humans. The process for obtaining relevant governmental approvals to market our products is rigorous, time-consuming and costly. For example, our recent launch of RUBY-FILL®, an innovative technology for PET MPI we developed took around 12 years to get to market. It is also impossible to predict the extent to which this process may be affected by legislative and regulatory developments. Due to these and other factors, our current product candidates or any of our other future product candidates could take a significantly longer time to gain regulatory approval than expected or may never gain regulatory approval. This could delay or eliminate any potential sales that we might earn from these product candidates due to the lost time before potential commercialization and potential changes in the competitive landscape by the time such product candidates are commercialized, if they are commercialized at all. We may also suffer reputational harm from such delays or failures that could affect our business more broadly.

We have a clinical program in place for I-131 mIBG comprising an Expanded-Access Program, Phase II clinical trials run by JDI and Phase III trials relating to supply and data sponsored by Children's Oncology Group and run by the NIH. Clinical trials must be conducted in accordance with EMA, USFDA and other applicable regulatory authorities' legal requirements, regulations or guidelines, and are subject to oversight by these governmental agencies and Institutional Review Boards ("**IRBs**" and each, an "**IRB**") at the medical institutions where the clinical trials are conducted. In addition, clinical trials must be conducted with supplies of our product candidates produced under cGMP and other requirements. We depend on our industry partners, including medical institutions and in particular Clinical Research Organizations ("**CROs**"), to conduct clinical trials in compliance with Good Clinical Practice ("**GCP**"), and in compliance with other applicable regulatory and technical requirements. See "*—We may rely on third parties to conduct our clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected deadlines or comply with regulatory requirements, we may not be able to obtain regulatory approval of or commercialize any potential product candidates*". To the extent they fail to do so, we may be affected by increased costs, program delays or both, which may harm our business.

In addition, the commencement, adequate recruitment and completion of clinical trials for our product candidates may be delayed, suspended or terminated as a result of many factors, including but not limited to:

- negative or inconclusive results, which may require us to conduct additional preclinical studies or clinical trials or to abandon projects that we expected to be promising;
- safety or tolerability concerns that could cause us to suspend or terminate a trial if we find that the participants are being exposed to unacceptable health risks;
- the delay or refusal of regulators or IRBs to authorize us to commence a clinical trial at a prospective trial site and changes in regulatory requirements, policies and guidelines;
- regulators or IRBs requiring that we or our investigators suspend or terminate clinical research for various reasons, including noncompliance with regulatory requirements;
- delays or failure to reach agreement on acceptable clinical trial contracts or clinical trial protocols with prospective trial sites;
- delays resulting from the need to obtain regulatory approval of changes to existing trial protocols;
- delays in patient enrollment and variability in the number and types of patients available for clinical trials;
- the inability to enroll a sufficient number of patients in trials to ensure adequate statistical power to detect statistically significant treatment effects, including as a result of small eligible patient populations;

- lower than anticipated retention rates of patients and volunteers in clinical trials;
- our third party research contractors failing to comply with regulatory requirements or to meet their contractual obligations to us in a timely manner, or at all;
- difficulty in maintaining contact with patients after treatment, resulting in incomplete data;
- delays in establishing the appropriate dosage levels;
- the difficulty in certain countries in identifying the sub-populations that we are trying to treat in a particular trial, which may delay enrollment and reduce the power of a clinical trial to detect statistically significant results;
- the quality or stability of a product candidate falling below acceptable standards;
- the inability to produce or obtain sufficient quantities of a product candidate to complete clinical trials; and
- exceeding budgeted costs due to difficulty in predicting accurately costs associated with clinical trials.

Identifying and qualifying patients to participate in clinical trials of our product candidates is critical to our success. The timing of our clinical trials depends on the speed at which we can recruit patients to participate in testing our product candidates as well as completion of required follow-up periods. We may not be able to identify, recruit and enroll a sufficient number of patients, or those with required or desired characteristics or to complete our clinical trials in a timely manner. Patient enrollment and completion of the trials are affected by factors including:

- severity of the disease under investigation;
- design of the trial protocol;
- size of the patient population;
- eligibility criteria for the trial in question;
- perceived risks and benefits of the product candidate under trial;
- proximity and availability of clinical trial sites for prospective patients;
- availability of competing therapies and clinical trials;
- efforts to facilitate timely enrollment in clinical trials;
- patient referral practices of physicians; and
- ability to monitor patients adequately during and after treatment.

If initiation or completion of our planned clinical trials is delayed for any of the above reasons or other reasons, our development costs may increase, our regulatory approval process could be delayed and our ability to commercialize and commence sales of our product candidates could be materially harmed, which could have a material adverse effect on our business.

Our facilities are subject to client inspections and quality audits and any failure on our part to meet their expectations or to comply with the quality standards set out in our contractual arrangements, could result in the termination of our contracts and adversely affect our business, financial condition and results of operations.

Pursuant to our contractual arrangements, certain of our clients have the right to regularly examine our manufacturing processes, quality control and procedures and registers of our manufacturing facilities after reasonable notice and at a reasonable time to ensure that our services are meeting their internal standards and regulatory requirements. Most of our clients routinely inspect and audit our facilities. Any failure on our part to meet the expectations of our clients and to comply with the quality standards set out in our contractual arrangements, could result in the termination of our contracts and our clients may choose to source their requirements from our competitors. We may also incur significant costs to upgrade our facilities and manufacturing processes. The occurrence of any such event could have an adverse effect on our business, financial condition and results of operations.

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

Given the size, complexity and geographic reach of our business and our multiple business lines, we are reliant upon our ability to recruit and retain highly qualified professional personnel and other employees. Failure to hire and retain high-quality employees may delay or prevent the achievement of major business objectives. For example, it is highly important that we recruit and retain high quality R&D specialists in view of our business lines' R&D focus. We commit substantial resources to this effort given the competition for qualified and experienced scientists from biotechnology, pharmaceutical, radiopharmaceutical and chemical companies, as well as universities and research institutes globally. Given the nature and complexity of the regulatory regime of the pharmaceutical industry, we employ a significant number of quality control personnel and we also have a dedicated regulatory team. Some of the entities with which we compete for personnel have greater financial and other resources than we do or are located in geographic areas which may be considered by some to be more desirable places to live. In particular, we will need to hire significant numbers of new, highly-skilled scientific and technical personnel to staff our pharmaceutical business, including personnel with radiopharmaceuticals expertise. In addition, our increased focus on innovative and specialty pharmaceuticals, in particular our radiopharmaceuticals business, requires more extensive use of a direct sales force than does our core Generics & APIs business segment, due to the greater complexity of our specialty pharmaceuticals products. Our ability to realize significant revenues from direct marketing and sales activities depends on our ability to attract and retain qualified sales personnel. Competition for qualified sales personnel is intense. We may also need to enter into co-promotion, contract sales force or other such arrangements with third parties, for example, where our own direct sales force is not large enough or sufficiently well-aligned to achieve maximum penetration in the market. Any failure to attract or retain qualified personnel for such R&D functions, quality, regulatory affairs and sales personnel as well as staff generally in functions such as manufacturing, finance, information technology and management, or to enter into third party arrangements on favorable terms could adversely affect our business and our financial condition and results of operations could be harmed. There can be no assurance that we will be able to successfully attract, assimilate or retain sufficiently qualified personnel. If our recruitment, retention and motivation efforts are unsuccessful in the future, it may be difficult for us to implement our business strategy, which could have a material adverse effect on our business.

Significant disruptions of our information technology systems and/or infrastructure or breaches of our data security could adversely affect our business.

A significant invasion, interruption, destruction or breakdown of our information technology systems and/or infrastructure by persons with authorized or unauthorized access could negatively impact our business and operations. In the ordinary course of our business, we collect and store sensitive data in our data centers and on our networks, including intellectual property, proprietary business information (both ours and that of our customers, suppliers and business partners) and personally identifiable information of our employees. We could also experience business interruption, information theft, legal claims and liability, regulatory penalties and/or reputational damage from cyber-attacks, which may compromise our systems and lead to data leakage either internally or at our third party providers. Our systems may be the target of malware and other cyber-attacks. Although we have invested in measures to reduce these risks, we cannot guarantee that these measures will be successful in preventing compromise and/or disruption of our information technology systems and/or infrastructure and related data.

We may not be able to implement our business strategies on schedule or within our budget or at all.

We have implemented and may from time to time implement strategies to meet strategic objectives of our business including but not limited to being closer to our customers, diverse product and service portfolio through differentiated and complex offerings, continuing to strengthen leadership positions in our key business segments, offering an integrated business model and pursuing strategic acquisitions.

The successful implementation of our business strategies is subject to significant business, economic and competitive uncertainties and contingencies, including, among others, continued growth of the pharmaceutical market in the United States, Canada and the EU, government policies, competition, compliance with environmental or other laws and regulations, delays in securing requisite government approvals and a downturn in the economy or changes in market conditions, natural disasters, labor disputes or civil unrest, any of which could delay or inhibit the implementation of our business strategies. For example, one of our business strategies is to expand our business through selective acquisitions, which involves a number of risks and uncertainties. See "*—If we have difficulty in integrating companies or businesses that we merge with or acquire, we may be unable to realize the anticipated benefits of such mergers or acquisitions, or our existing business may be harmed*". Any delays or failure to successfully implement our business strategies could result in a loss or delayed receipt of revenue, an increase in financing costs or the failure to grow our business or increase our profitability, any of which may materially and adversely affect our business, financial condition, results of operations and prospects.

Compliance with increasingly stringent environmental, health and safety laws relating to our manufacturing facilities may adversely affect our business and results of operations.

Our operations spread across different geographies and are subject to a wide range of EHS laws and regulations and regulated by various environmental agencies and authorities including the USEPA, the Environment and Climate Change Canada and the Ministry of Environment, Forest and Climate Change, including the state pollution control boards in India. Some of our R&D and manufacturing operations involve dangerous chemicals, processes and by-products. The manufacture of pharmaceuticals and sterile injectables and non-sterile products is also subject to stringent regulations. Such EHS regulations govern activities including the generation, storage, handling, treatment, transportation and disposal of hazardous substances and wastes, wastewater discharges, air emissions, human health and safety, process safety and the clean-up of contaminated sites. Many of our operations require permits, and these permits are subject to modification, renewal and revocation by issuing authorities. Our permits may include requirements and conditions which could result in significant additional costs or environmental obligations for us. We have incurred, and will continue to incur, substantial ongoing capital and operating expenditures to ensure compliance with current and future EHS laws and regulations. In the ordinary course of business, there may be instances where certain of our permits have expired and applications for renewal of these permits have been submitted upon expiry. If the necessary renewals are not granted or granted subject to certain restrictions, our business or operations may be adversely affected.

The EHS laws, regulations and permits that govern our operations tend to become increasingly stringent over time, and we could in the future assume additional obligations and therefore incur substantial incremental costs to ensure our continued regulatory compliance. Any violations of EHS requirements may result in substantial fines or penalties, the imposition of other civil or criminal sanctions, clean-up costs and other remediation or restoration requirements, claims for personal injury or property damages, the installation of costly pollution control equipment, or restrictions on, or the suspension of, our operating permits or activities.

In 2017, the USEPA had cited our subsidiary, Jubilant Cadista for violating the Resource Conservation and Recovery Act, which is a federal law governing the treatment, storage and disposal of hazardous waste, including lab solvents and corrosive cleaner wastes. We provided a satisfactory action plan to comply with the observations of the USEPA and after discussions with the USEPA, Jubilant Cadista paid a US$35,000 penalty.

We have environmental liability insurance coverage for some of our facilities, which is in line with industry practice, but there is no assurance that we would not be exposed to claims that are only partially or not covered at all. For example, our environmental insurance in the United States does not cover any penalties for non-compliance with laws, regulatory fines or environmental capex, and only covers the cost of decontamination or removal of debris. In addition, while our all risks of physical loss or damage policy for our radiopharmacies in the United States contains a sublimit of US$5 million for damages due to radioactive contamination at such radiopharmacies, the liabilities from nuclear or radioactive contamination is generally not

covered by our insurance policies. If we incur substantial costs that we have not made adequate provisions for or which are not covered under our insurance, our business, financial condition, results of operations and cash flows could be materially and adversely affected. Such costs may increase our expenses and reduce our profit margins. Further, if we are unable to comply with environmental laws and regulations, we may lose customer orders or be subject to monetary penalties, criminal sanctions or other enforcement actions by regulatory bodies including manufacturing facility closures or product withdrawal, which could further adversely affect our business, financial condition and results of operations. For details on the environmental regulations to which we are currently subject, see "*Business—Environmental Matters*".

Risks from the handling or release of hazardous materials could harm our results of operations and reputation, including by causing environmental contamination.

Our operations are subject to the operating risks associated with pharmaceutical and chemical manufacturing, including the related storage and transportation of raw materials, products and waste.

These hazards include, among other things:

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

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

Although we maintain an industrial all-risk insurance policy for all our primary manufacturing facilities that we believe is in accordance with customary industry practices, we cannot assure you that this insurance will be adequate to cover fully all potential hazards incidental to our business. The industrial all risk policies for the Roorkee Facility and Nanjangud Facility expired in September 2018 and JGL is in the process of renewing the same.

Our radiopharmaceutical business as well as research and manufacturing activities also involve the use of chemical, biological, radiological or nuclear substances. Although we believe that our safety standards, and other aspects of operations are sufficient to prevent exposure to any person, including employees, from handling such substances, whether during research, manufacture, warehousing, transportation, sale, and waste disposal, we cannot eliminate the risk of accidental or man-made contamination, injury or damage from these materials. JDR maintains a fleet of drivers and leased vehicles delivering radiopharmaceuticals from our radiopharmacies directly to our customers on a daily basis. JDR also engages delivery services with third party commercial couriers when required to supplement delivery requirements and fleet services. If the radioactive materials being transported are mishandled, not securely contained during transport or released into the environment, these materials could cause substantial damage or personal injuries resulting in significant legal claims against us. In addition, evolving regulations concerning the handling and transportation of certain materials could result in increased future capital or operating costs to our business.

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

In addition, in the United States, as well as in many other jurisdictions, a current or previous owner or operator of real estate may be liable for contamination resulting from the presence or discharge of hazardous or toxic substances at that property, and may be required to investigate and clean up such contamination at or emanating from that property. In the United States, under the Comprehensive Environmental Response, Compensation and Liability Act ("**CERCLA**") and related state laws, certain persons may be liable at sites where or from which release or threatened release of hazardous substances has occurred or is threatened. These persons can include the current owner or operator of any property where a release or threatened release

occurred, any persons who owned or operated the property when the release occurred, and any persons who disposed of, or arranged for the transportation or disposal of, hazardous substances at a contaminated property. Liability under CERCLA is strict, retroactive and, under certain circumstances, joint and several, so that any responsible party may be held liable for the entire cost of investigating and remediating the release of hazardous substances. We or our predecessors-in-interest operate or operated at a number of sites with a history of industrial use and the potential for releases of hazardous substances. As is the case with all companies who own or operate industrial real property, we face potential exposure from future claims and lawsuits involving environmental matters, including radioactive, soil and water contamination, personal injury or property damage allegedly caused by hazardous substances that we manufactured, handled, used, stored, transported, spilled, disposed of or released.

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

We may expand our business through selective, targeted mergers or acquisitions of businesses and assets we believe to be complementary to our existing business. We may also seek to expand our business through complementary or strategic acquisitions of other businesses, products or assets, or through joint ventures, strategic agreements or other arrangements. Mergers and acquisitions, joint ventures or other business combinations may involve a number of risks, including diversion of management's attention, failure to retain key acquired personnel and clients, unanticipated events or circumstances, cultural differences, legal liabilities, regulatory risks and amortization of acquired intangible assets and other integration challenges or operational complexities, some or all of which could harm our financial condition and results of operations. We may also incur substantial additional indebtedness and contingent liabilities relating to the businesses we acquire. Any such mergers or acquisitions, joint ventures or other business combinations may also disrupt our ongoing businesses, which may adversely affect our relationships with customers, employees, regulators and others with whom we have business or other dealings. In particular, for newly acquired businesses, we cannot assure you that we have sufficient experience and expertise with operating and managing such businesses. We may also face challenges scaling-up the business during the integration process. Further, if we are unable to realize synergies or other benefits expected to result from any acquisitions, joint ventures or other business combinations, or to generate additional revenue to offset any unanticipated inability to realize these expected synergies or other benefits, our growth and ability to compete may be impaired, which would require us to focus additional resources on the integration of operations rather than other profitable areas of our business, and may otherwise cause a material adverse effect on our business, financial condition and results of operations.

In September 2017, we substantially acquired all of the assets which comprised Triad's radiopharmacy business. Post-acquisition of Triad's assets, we operate the second largest commercial radiopharmacy network in the United States with a national footprint of more than 50 radiopharmacies across 22 states. If we are not able to successfully integrate the radiopharmacy business with the rest of our business or increase the efficiency and coverage of our radiopharmacy network through repositioning of our geographic footprint, we may be unable to realize the anticipated benefits of such acquisition and/or our existing business may be harmed.

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

We may need additional capital in the future to meet our financial obligations and pursue our business objectives.

We plan to continue to look for opportunities to increase our existing production capacity, expand our product portfolio and improve the production technologies through our R&D team. Projects aimed at expansion or growth of our business require significant capital expenditure to expand, refurbish, renovate or upgrade existing facilities as well as to develop new facilities and/or business lines or make major acquisitions or investment. Our ability to successfully implement expansion or growth plans is subject to risks and uncertainties. If adequate funds are not available on acceptable terms and on a timely basis, we may be required to delay or reduce the scope of our growth plans. We have recently added a third stream to one of our existing plants at our Nanjangud Facility. We are currently also exploring options to further increase our API production capacity including increasing the capacity of our existing Nanjangud Facility, Spokane Facility and/or Roorkee

Facility, building a new API facility at a new location and/or acquiring an existing API facility, among other things. However, there is no assurance we will be successful in increasing our capacity in a timely manner or at all. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Capital Expenditures*" for further details of our expected capital expenditures. Failure to meet customers' demands in existing markets or new markets could have a material adverse effect on our business. In addition, any significant increases in raw materials costs unforeseen in the project plan and any inability to sell the products produced at volumes and/or price levels envisaged in the project plan could adversely affect the success of our projects. Due to the significant amount of capital required and the long lead time between planning and completion of such projects, project failure could have a material adverse effect on our business, financial condition, results of operations and prospects.

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

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

During the financial years ended March 31, 2016, 2017 and 2018 and the three months ended June 30, 2018, we spent US$31.0 million, US$38.8 million, US$33.5 million and US$8.7 million, respectively, on R&D, representing 7.1%, 8.4%, 5.4% and 4.9%, respectively, of our total revenue from operations in those periods. We cannot assure you that the investments we have made in R&D will yield satisfactory results in terms of improved products, or will yield any results at all. Despite our investments in this area, our R&D efforts may not result in the discovery or successful development of new products. In addition, even where we successfully obtain product registrations and/or market authorizations for any such new or improved products, there can be no assurance that the new or improved product will be commercially successful. Further, if our competitors develop new processes or production techniques, or improve existing processes or production techniques that may give them significant cost and marketing advantages, we may be unable to retain our customers, which would adversely affect our revenues and profitability.

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

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

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

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

We face competition for many of the products that we currently manufacture. Our competitors may succeed in developing technologies, processes and products that are more effective and/or more cost effective than any we may develop or license. These developments could render our technologies, processes or products obsolete or uncompetitive, which would harm our business and financial condition. Increased competition may also lead to product price erosion in the future as new companies enter the market and/or novel or advanced technologies emerge.

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

Our competitive prospects are dependent on whether we are able to, among other things:

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

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

Specialty Pharmaceuticals

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

In our radiopharmaceutical business, the market for diagnostic medical imaging agents is highly competitive and continually evolving. Our principal competitors in the radiopharmaceutical business include, but are not limited to, Lantheus, GE Healthcare, Bracco and Curium, as well Cardinal Health in the radiopharmacy business. We cannot anticipate their actions in the same or competing diagnostic modalities, such as significant price reductions on products that are comparable to our own, development or introduction of new products that are more cost-effective or have superior performance than our current products, the introduction of generic versions when our proprietary products lose their patent protection or the new entry into a generics market in which we are already a participant. In addition, distributors of our products could attempt to shift end-users to competing diagnostic modalities and products. Our current or future radiopharmaceutical products could be rendered obsolete or uneconomical as a result of these activities.

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

Generics & APIs

We face intense competition in the market for generics, including for both APIs and solid dosage formulations. According to Frost & Sullivan, the average price erosion for generics & APIs products is expected to be between 10-12% in the U.S. markets for generic pharmaceuticals in 2018. The generic business segment of the pharmaceutical market is characterized by a high level of price competition, as well as other competitive factors including reliability of supply, quality and enhanced product features. To the extent that any of our competitors are more successful with respect to any key competitive factor, our business, financial position and results of operations could be adversely affected. Pricing pressure could arise from, among other things, limited demand growth or additional competitive products being introduced into a particular product market, price reductions by competitors, the ability of competitors to capitalize on their economies of scale and create excess product supply, the ability of competitors to produce or otherwise secure APIs at lower costs than what we are required to pay to our suppliers and the access of competitors to new technology that we do not possess. Once we develop these products, we need to identify and partner with a generic drug manufacturer that will use our APIs in their formulation or our solid dosage formulations to receive the required approvals. The regulatory approval process for new suppliers of APIs to generic manufacturers imposes significant timing constraints on bringing products to market. Suppliers who can gain early approval for their products have a competitive advantage for that API product. There is also no assurance that we will be able to continue identifying generic drug manufacturers as suitable partners.

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

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

We are subject to certain competition and antitrust laws throughout the world, including federal and state antitrust laws in the United States.

Our business is subject to applicable competition and antitrust laws throughout the world, including federal and state antitrust laws in the United States. For example, the federal government and most states in the United States have enacted antitrust laws that prohibit specific types of anti-competitive conduct, including price fixing, wage fixing, concerted refusals to deal, price discrimination, monopolization, and tying arrangements, as well as acquisitions that have, or may have, a substantial adverse effect on competition. In addition, we are subject to similar antitrust and anti-competition laws in countries other than the United States, and as an importer of certain products into the United States, the potential jurisdiction of the USITC.

Similarly, the Competition Act, 2002, of India, as amended ("**Indian Competition Act**") regulates, inter alia, practices having an appreciable adverse effect on competition in the relevant market in India ("**AAEC**"). Under the Indian Competition Act, any formal or informal arrangement, understanding or action in

concert, which causes or is likely to cause an AAEC is considered void and may result in the imposition of substantial penalties. The Indian Competition Act also prohibits abuse of a dominant position by any enterprise.

We may become subject to legal action or investigations and proceedings by national and supranational competition and antitrust authorities for alleged infringements of antitrust laws, which could result in sanctions, fines or other forms of liability, or otherwise damage our business reputation, which could have a material adverse effect on our business, financial condition, results of operations and prospects. Such laws and regulations could also limit or prohibit our ability to grow in certain markets. In May 2017, our Company and one of our Group companies were notified that the USFTC had begun a non-public investigation into certain competition law matters relating to our sales and distribution practices in our radiopharmaceuticals business and our then-pending acquisition of substantially all of the assets which comprised Triad's radiopharmacy business. In February 2018, our Company and Triad received two CIDs from the USFTC requesting certain information about our business and operations. The investigation is ongoing and we are in the process of producing documents and information in response to the CIDs. To date, the USFTC has not alleged any wrongdoing by the Company or any of our Group companies; however, no assurance can be given as to the timing or outcome of the investigation. If this investigation were to result in further inquiries or enforcement proceedings, we may incur substantial costs, be exposed to unanticipated civil liabilities or monetary penalties and be subject to restrictions on our activities, including but not limited to restrictions on our sales and distribution practices and the institution of monitoring obligations, in each case in a manner that may be materially adverse to our business, financial condition and results of operation. Moreover, the investigation and its outcome could expose us to negative publicity, which could adversely affect our brands, reputation and customer preference for our products.

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

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

- forced or voluntary closings of manufacturing plants, including as a result of regulatory inspections, see "*—As the manufacture of our products is technically complex and highly regulated, product recalls, regulatory inspection failures or shortcomings at our manufacturing facilities or other problems may reduce sales, adversely affect our financial condition and results of operations and delay the launch of new products*";

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

- manufacturing shutdowns, product shortages, including backorders and discards, and delays in product manufacturing;

- labor strikes and lock-outs that may result in temporary shutdowns or manufacturing disruptions;

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

- the failure of a sole source or single source supplier to provide us with necessary raw materials, supplies or finished goods for an extended period of time, which could impact continuous supply;

- shortages of qualified personnel;

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

- changes in environmental laws and regulations;
- failures or bottlenecks in production processes, especially if we are unable to obtain adequate supply of utilities such as steam, power and water, or our inability to successfully implement debottlenecking measures to reduce idle time or improve operating efficiency by reducing plant outages, wastage or yield losses or otherwise.
- the failure of a third party manufacturer to supply us with finished products on time;
- construction or regulatory approval delays related to new facilities or the expansion of existing facilities;
- product recalls or market withdrawals;
- our equipment and production facilities becoming obsolete; and
- other manufacturing or distribution problems including limits to manufacturing capacity due to regulatory requirements, changes in the types of products produced, physical limitations or other business interruptions that could impact continuous supply.

Any of the above may result in reduced production, reduced sales, and adversely affect our business, financial condition and results of operations. Additionally, as our equipment ages, it will need to be replaced. Replacement of equipment has the potential to introduce variations in the manufacturing process that may result in lot failures or manufacturing shut-down, delay in the release of product batches, product recalls, spoilage or regulatory action. Success rates can also vary dramatically at different stages of the manufacturing process, which can reduce yields and increase costs. Specific to our radiopharmaceutical business, the aging and eventual retirement of our cyclotrons will involve substantial costs associated with decontaminating and decommissioning the sites where they are used and regulatory risks in the event that the decontamination and decommissioning process is not done correctly or according to applicable regulatory requirements.

Certain of our products are produced by a single manufacturing facility, such as our allergy therapy products, which currently are solely produced by our Spokane Facility and our radiopharmaceutical products, which currently are solely produced by our JDI Montreal Facility. Our key generics manufacturing sites also may have capacity constraints and, at times, we may not be able to generate sufficient supplies of finished goods. If any of the foregoing events, or any other events arise that affect the production of such products by the relevant manufacturing facility, we will be unable to reallocate production to alternative manufacturing facilities, which may affect our ability to manage our capacity utilization and product mix to the extent that our business may be materially and adversely affected.

Similarly, our Nanjangud Facility is our sole manufacturing facility for APIs. On account of this facility being located in India, it may be subject to risks that are typically applicable to developing countries, such as political instability resulting from a change in government, changes in regulatory, economic, fiscal and taxation policies, social and civil unrest and other political, social and economic developments including natural calamities, terrorist attacks and regional conflicts which may affect the operations or profitability of our Nanjangud Facility and our other manufacturing facility located in India. In addition, if there is a major discontinuity of operations, we may not be able to address such issues.

We are subject to numerous political, economic, legal, tax, operational and other risks as a result of our international operations, including risks of possible nationalization, expropriation and other restrictive governmental actions.

We are subject to numerous political, economic, legal, tax, operational and other risks as a result of our international operations, including risks of possible nationalization, expropriation, price controls, capital controls, exchange controls, increased taxes and levies, and other restrictive governmental actions, as well as the outbreak of hostilities or political and governmental instability which could adversely impact our business in many ways.

Any compulsory acquisition or expropriation of any part of our properties, including land where our manufacturing facilities are located, by any governmental authorities in the name of public interest or otherwise

may cause disruptions to our production activities and could adversely affect our business. For example, a small piece of our land on which our CMO Montreal Facility and JDI Montreal Facility are situated is in the process of being acquired by the Ministère des Transports, de la Mobilité durable et de l'Électrification des transports of Québec for the construction of Réseau Électrique Métropolitain (the "**REM**"), a new rapid transit system, currently under planning and construction. The expropriation procedures are undertaken pursuant to the Expropriation Act respecting the Réseau électrique métropolitain, LQ 2017, c. 17, which was adopted by Quebec's National Assembly and became effective on September 27, 2017 and communicated to us by way of an expropriation notice in October 2017. We will receive compensation for the land expropriation and we do not anticipate any material disruption to our CMO Montreal Facility or JDI Montreal Facility as a result, however there is no assurance that the construction of REM near our CMO Montreal Facility and JDI Montreal Facility will not cause any disruptions at or near our the site of our facilities or that any future actions taken by governmental authorities in respect of properties will not adversely affect our business.

Any trade or import protection policies may affect our business.

We distribute our products to various countries internationally. In the event that any of these countries to which we export imposes trade sanctions or enforces import restrictions or tariffs in relation to our products, our business and results of operations may be adversely affected. For example, the Trump Administration has been signaling that it may alter trade agreements and terms between China and the United States, including limiting trade with China and/or imposing a tariff on imports from China. In July 2018, U.S. tariffs were imposed on Chinese imports into the United States. Although the materials subject to these tariffs to date do not impact our raw material costs, however, if further tariffs are imposed on a broader range of imports or apply to other countries, or if further retaliatory trade measures are taken by any such other countries in response to additional tariffs, we may be required to raise our prices, which may result in the loss of customers and harm our business. The North American Free Trade Agreement ("**NAFTA**") is also currently under review by the respective signatory countries, and given our operations and manufacturing facilities in Canada, any material change in the terms to NAFTA could adversely affect our business.

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

For the financial year ended March 31, 2018 and the three months ended June 30, 2018, 19.9% and 15.2%, respectively, of our total revenue from operations came from sales outside North America. As a result, we are subject to significant foreign currency risks, including repatriation restrictions in certain countries. An increasing amount of our sales, particularly in Canada, India and European countries, is recorded in local currencies, which exposes us to the direct risk of exchange rate fluctuations, devaluations or hyperinflation. We may also be exposed to credit risks in some of these markets. The imposition of price controls or restrictions on the conversion of foreign currencies could also have a material adverse effect on our financial results. In particular, in the financial years ended March 31, 2016, 2017 and 2018 and the three months ended June 30, 2018, we recorded sales and expenses in various currencies such as the Indian rupee, Canadian dollar and Euro. As a result, fluctuations in exchange rates between the currencies in which such sales are generated and expenses are incurred and the functional currencies of the respective businesses may result in translation gains or losses.

We have in the past utilized certain hedging instruments and floating to fixed interest rate swap agreements. However, we do not currently use derivative financial instruments or other "hedging" techniques to cover our potential exposure, and some elements of our financial statements, such as our equity position or operating profit or borrowings, are not fully protected against foreign currency exposures. Therefore, we cannot assure you that we will be able to limit all of our exposure to exchange rate fluctuations that could affect our financial results. Failure to hedge effectively against currency fluctuations may materially and adversely affect our financial condition and results of operations.

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

We currently position ourselves as a low-cost manufacturer and compete on the basis of cost in most of our product segments, including APIs and generic solid dosage formulations. We also believe that we need to

provide low cost manufacturing options for our CMO customers to remain competitive. Multinational corporations have been increasing their use of contract manufacturing, entering into agreements and/or arrangements with highly regarded companies, which include certain of our competitors, which can supply products at low cost that conform to quality standards set in developed markets. Furthermore, if our competitors adopt new technology more quickly or more successfully than we to improve on the manufacturing time and cost-effectiveness of the competing low cost products they offer, they may gain market share at our expense. The emergence of substitutes to our core products may also negatively affect our sales. If we cannot establish and maintain our position as a low-cost manufacturer of high-quality products, we may not be able to capture anticipated business opportunities or we may lose market share.

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

If we are unable to patent new processes and protect our proprietary information or other intellectual property, our business may be adversely affected.

We generally rely on a combination of patents, licensing arrangements, non-disclosure agreements and non-competition agreements to protect our proprietary intellectual property. See "*Business—Intellectual Property Rights*". As at June 30, 2018, we have 98 active patents granted internationally. Due to the different regulatory bodies and varying requirements globally, we may be unable to obtain intellectual property protection in certain jurisdictions for our products or processes. If third parties decide to terminate the licensing arrangements with the Company for usage of their registered trademarks, we may not be able to continue to market our products under the licensed brand name, which could adversely affect our competitive business position. Further, 32 trademarks for products of our Indian subsidiary company, JGL, are registered in the name of the Parent. In addition, five patents for APIs and one patent for solid dosage formulations are registered in India in the name of the Parent. The Parent has executed assignments of all these trademarks and patents registrations in favor of JGL, and such assignments have been filed with the Indian regulatory authorities for noting the change of ownership in favor of such Indian subsidiary company in each of these trademarks and patents registrations. However, the regulatory authorities have yet to update their records and note the assignment in their records, as at the date of this document.

While we intend to defend against any threats to our intellectual property, we cannot assure you that our patents, trade secrets or other agreements will adequately protect our intellectual property. Our patent rights may not prevent our competitors from developing, using or commercializing products that are functionally equivalent or similar to our products. Further, our patent applications may fail to result in patents being issued, and our existing and future patents may be insufficient to provide us with meaningful protection or a commercial advantage. We cannot assure you that patents issued to or licensed by us in the past or in the future will not be challenged or circumvented by competitors or that such patents will be found to be valid or sufficiently broad to protect our processes or to provide us with any competitive advantage. We may be required to negotiate licenses for patents from third parties to conduct our business, which may not be available on reasonable terms or at all.

We also rely on non-disclosure agreements and non-competition agreements with certain employees, consultants and other parties to protect trade secrets and other proprietary rights that belong to us. We cannot assure you that these agreements will not be breached, that we will have adequate remedies for any breach or that third parties will not otherwise gain access to our trade secrets or proprietary knowledge. Any inability to patent new processes and protect our proprietary information or other intellectual property, could adversely affect our business.

If the USFDA does not conclude that certain of our product candidates satisfy the requirements for the Section 505(b)(2) regulatory approval pathway, or if the requirements for such product candidates under Section 505(b)(2) are not as we expect, the approval pathway for those product candidates will likely take significantly longer, cost significantly more and entail significantly greater complications and risks than anticipated, and in either case may not be successful.

We may develop proprietary product candidates for which we may seek USFDA approval through the Section 505(b)(2) regulatory pathway. The Drug Price Competition and Patent Term Restoration Act of 1984, also known as the Hatch-Waxman Act, added Section 505(b)(2) to the FDCA. Section 505(b)(2) permits the filing of an NDA where at least some of the information required for approval comes from studies that were not conducted by or for the applicant and for which the applicant has not obtained a right of reference. Section 505(b)(2), if applicable to us under the FDCA, would allow an NDA we submit to USFDA to rely in part on data in the public domain or the USFDA's prior conclusions regarding the safety and effectiveness of approved compounds, which could expedite the development program for our product candidates by potentially decreasing the amount of clinical data that we would need to generate in order to obtain USFDA approval. If the USFDA does not allow us to pursue the Section 505(b)(2) regulatory pathway as anticipated, we may need to conduct additional clinical trials, provide additional data and information, and meet additional standards for regulatory approval. Even if we are allowed to pursue the Section 505(b)(2) regulatory pathway, we cannot assure you that our product candidates will receive the requisite approvals for commercialization.

In addition, the pharmaceutical industry is highly competitive, and Section 505(b)(2) NDAs are subject to special requirements designed to protect the patent rights of sponsors of previously approved drugs that are referenced in a Section 505(b)(2) NDA. These requirements may give rise to patent litigation and mandatory delays in approval of our NDAs for up to 30 months or longer depending on the outcome of any litigation. It is not uncommon for a manufacturer of an approved product to file a citizen petition with the USFDA seeking to delay approval of, or impose additional approval requirements for, pending competing products. If successful, such petitions can significantly delay, or even prevent, the approval of the new product. However, even if the USFDA ultimately denies such a petition, the USFDA may substantially delay approval while it considers and responds to the petition. In addition, even if we are able to utilize the Section 505(b)(2) regulatory pathway, there is no guarantee this would ultimately lead to accelerated product development or earlier approval.

Moreover, even if our product candidates are approved under Section 505(b)(2), the approval may be subject to limitations on the indicated uses for which the products may be marketed or to other conditions of approval, or may contain requirements for costly post-marketing testing and surveillance to monitor the safety or efficacy of the products.

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

Our products may have previously unknown safety or efficacy concerns or unknown side effects. While our products undergo clinical studies and statistical analysis during the development process prior to approval, there are inherent limitations with regard to the design of such trials, the limited time used to measure the efficacy of the product and the limited ability to perform long-term monitoring. In the event that such unanticipated side effects are discovered, we may be required to add descriptions of the side effects as "precautions" to the packaging of our products, recall and terminate sales of products or conduct costly post-launch clinical studies. Furthermore, concerns of potential side effects could arise among consumers or medical professionals, and such concerns, whether justified or not, could expose us to negative publicity and have an adverse effect on sales of our products and our reputation. Further, if any of our products cause serious or unexpected side effects after receiving market approval, a number of potentially significant negative consequences could result, including:

- regulatory authorities may withdraw their approval of the product or impose restrictions on its distribution;
- the USFDA may require implementation of a Risk Evaluation and Mitigation Strategy ("**REMS**");
- regulatory authorities may require the addition of labeling statements, such as warnings or contraindications;

- we may be required to change the way the product is administered or conduct additional clinical studies;
- we could be sued and held liable for harm caused to patients; or
- our reputation may suffer.

The performance, quality and safety of our products also depends on the effectiveness of our quality control system, which in turn depends on a number of factors, including the design of the system, our quality training program and our ability to ensure that our employees adhere to our quality control policies and guidelines.

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

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

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

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

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

accepted by the insurance companies. This risk is likely to increase as we increase the number of products that we develop internally and sell internationally.

The USFDA and other regulatory agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses.

If we are found to have improperly promoted off-label uses of our products or product candidates, if approved, we may become subject to significant liability. Such enforcement has become more common in the industry. The USFDA and other regulatory agencies strictly regulate the promotional claims that may be made about prescription products, such as our product candidates, if approved. In particular, a product may not be promoted for uses that are not approved by the USFDA or such other regulatory agencies as reflected in the product's approved labeling. If we receive marketing approval for our product candidates for our proposed indications, physicians may nevertheless use our products for their patients in a manner that is inconsistent with the approved label, if the physicians personally believe in their professional medical judgment it could be used in such manner. However, if we are found to have promoted our products for any off-label uses, the federal government could levy civil, criminal and/or administrative penalties, and seek fines against us. The USFDA or other regulatory authorities could also request that we enter into a consent decree or a corporate integrity agreement, or seek a permanent injunction against us under which specified promotional conduct is monitored, changed or curtailed. If we cannot successfully manage the promotion of our product candidates, if approved, we could become subject to significant liability, which would materially adversely affect our business and financial condition.

We may rely on third parties to conduct our clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected deadlines or comply with regulatory requirements, we may not be able to obtain regulatory approval of or commercialize any potential product candidates.

We depend upon third parties, including independent investigators, to conduct our clinical trials under agreements with universities, medical institutions, CROs, strategic partners and others. We expect to have to negotiate budgets and contracts with CROs and trial sites, which may result in delays to our development timelines and increased costs.

We will rely heavily on third parties over the course of our clinical trials, and, as a result, will have limited control over the clinical investigators and limited visibility into their day-to-day activities, including with respect to their compliance with the approved clinical protocol. Nevertheless, we are responsible for ensuring that each of our trials is conducted in accordance with the applicable protocol, legal and regulatory requirements and scientific standards, and our reliance on third parties does not relieve us of our regulatory responsibilities. We and these third parties are required to comply with GCP requirements for clinical trials, which are regulations and guidelines enforced by the USFDA and comparable foreign regulatory authorities for product candidates in clinical development. Regulatory authorities enforce these GCP requirements through periodic inspections of trial sponsors, clinical investigators and trial sites. If we or any of these third parties fail to comply with applicable GCP requirements, the clinical data generated in our clinical trials may be deemed unreliable and the USFDA or comparable foreign regulatory authorities may require us to suspend or terminate these trials or perform additional preclinical studies or clinical trials before approving our marketing applications. We cannot be certain that, upon inspection, such regulatory authorities will determine that any of our clinical trials comply with the GCP requirements. In addition, our clinical trials must be conducted with biologic product produced under cGMP requirements and may require a large number of patients.

Our failure or any failure by these third parties to comply with the applicable regulations or to recruit a sufficient number of patients may require us to repeat clinical trials, which would delay the regulatory approval process. Moreover, our business may be implicated if any of these third parties violates federal or state fraud and abuse or false claims laws and regulations or healthcare privacy and security laws.

Any third parties conducting our clinical trials will not be our employees and, except for remedies that may be available to us under our agreements with such third parties, we cannot control whether or not they devote sufficient time and resources to our ongoing clinical programs. These third parties may also have relationships with other commercial entities, including our competitors, for whom they may also be conducting clinical trials or other product development activities, which could affect their performance on our behalf. If these third parties do not successfully carry out their contractual duties or obligations or meet expected deadlines, if they need to be replaced or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical protocols or regulatory requirements or for other

reasons, our clinical trials may be extended, delayed or terminated and we may not be able to complete development of, obtain regulatory approval of or successfully commercialize our product candidates. As a result, our financial results and the commercial prospects for our product candidates would be harmed, our costs could increase and our ability to generate revenue could be delayed.

If any of our relationships with these third party CROs or others terminate, we may not be able to enter into arrangements with alternative CROs or other third parties or to do so on commercially reasonable terms. Switching or adding additional CROs involves additional cost and requires management time and focus. In addition, there is a natural transition period when a new CRO begins work. As a result, delays may occur, which can materially impact our ability to meet our desired clinical development timelines. Though we plan to carefully manage our relationships with our CROs, there can be no assurance that we will not encounter challenges or delays in the future or that these delays or challenges will not have a material adverse impact on our business, financial condition and prospects.

Certain of our product candidates are still in clinical development. Clinical trials of our product candidates may not be successful. If we are unable to successfully develop mIBG and our other product candidates, or experience significant delays in doing so, our business, financial condition and results of operations could be materially adversely affected.

We have invested a significant portion of our efforts and financial resources into the development of mIBG and our other product candidates. The success of mIBG and our other product candidates will depend on several factors, including the following:

- successful efforts in completing clinical trials of, receipt of regulatory approval for and commercialization of such product candidates;
- for the product candidates to which we retain rights under relevant agreements, completion of preclinical studies and clinical trials of, receipt of marketing approvals for, establishment of commercial manufacturing capabilities for and successful commercialization of such product candidates; and
- acceptance of our product candidates by patients, the medical community and third party payers, effectively competing with other therapies, a continued acceptable safety profile following approval, and qualifying for, maintaining, enforcing and defending our intellectual property rights and claims.

If we or the parties with whom we partner do not achieve one or more of these factors in a timely manner or at all, we could experience significant delays or an inability to successfully commercialize mIBG and our other product candidates, which could materially adversely affect our business, financial condition and results of operations.

If we obtain regulatory approval of our product candidates, we remain subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expense and we may be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our product candidates.

If our product candidates are approved, they will be subject to ongoing regulatory requirements for manufacturing, labeling, packaging, storage, advertising, promotion, sampling, record-keeping, conduct of post-marketing studies, and submission of safety, efficacy, and other post-market information, including both federal and state requirements in the United States and requirements of comparable foreign regulatory authorities.

Manufacturers and manufacturers' facilities are required to comply with extensive USFDA and comparable foreign regulatory authority requirements, including ensuring that quality control and manufacturing procedures conform to cGMP. As such, we will be subject to continual review and inspections to assess compliance with cGMP and adherence to commitments made in any NDA, ANDA, Biologics License Application (BLA) or other marketing application, and previous responses to inspectional observations. Accordingly, we and others with whom we work must continue to expend time, money, and effort in all areas of regulatory compliance, including manufacturing, production, and quality control.

Any regulatory approvals that we receive for our product candidates may be subject to limitations on the approved indicated uses for which the product may be marketed or to the conditions of approval, or contain requirements for potentially costly post-marketing testing, including Phase IV clinical trials and surveillance to monitor the safety and efficacy of the product candidate. In addition, if the USFDA or a comparable foreign regulatory authority approves our product candidates, we will have to comply with requirements including submissions of safety and other post-marketing information and reports, registration, as well as continued compliance with cGMPs and GCPs for any clinical trials that we conduct post-approval.

The USFDA may impose consent decrees or withdraw approval if compliance with regulatory requirements and standards is not maintained or if problems occur after the product reaches the market. Later discovery of previously unknown problems with our product candidates, including adverse events of unanticipated severity or frequency, or with our third party manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labeling to add new safety information, imposition of post-market studies or clinical studies to assess new safety risks, or imposition of distribution restrictions or other restrictions under a REMS program. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of our products, withdrawal of our products from the market, or voluntary or mandatory product recalls;
- fines, warning letters, untitled letters, or holds on clinical trials;
- refusal by the USFDA to approve pending applications or supplements to approved applications filed by us or suspension or revocation of license approvals;
- product seizure or detention, or refusal to permit the import or export of our product candidates; and
- injunctions or the imposition of civil or criminal penalties.

The policies of the USFDA and of other regulatory authorities may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our product candidates. We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative or executive action. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained and we may not achieve or sustain profitability.

The loss of services of our Chairman and Managing Director, Mr. Shyam S. Bhartia and our Director, Mr. Hari S. Bhartia, or our inability to ensure continuity of senior management could have an adverse effect on our business, financial condition and results of operations.

Our success depends in part on the continued services of our Chairman and Managing Director, Mr. Shyam S. Bhartia and our Director, Mr. Hari S. Bhartia, both of whom are the Promoters. Our pharmaceutical business has been built by the Promoters and JLL from 2003 through a series of organic initiatives as well as acquisitions of assets and businesses, and the Promoters have been in senior positions in JLL and the Company for more than 35 years. They have played and continue to play an active role in driving the long-term strategy and the day-to-day business of JLL and the Company. The loss of Mr. Shyam S. Bhartia or Mr. Hari S. Bhartia could impair our ability to implement our strategy, and thus have an adverse effect on our business.

In addition, from time to time, we may lose the services of certain senior management personnel and may experience periods where there is lack of continuity of senior management. We do not maintain key man insurance on our Chairman and Managing Director, Mr. Shyam S. Bhartia, and our Director, Mr. Hari S. Bhartia or any of our senior management personnel. There can be no assurance that we would be able to find and integrate replacement personnel in a timely manner to support the needs of our business. An inability to ensure continuity of senior management could adversely affect our business.

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

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

Moreover, our tax expenses and the resulting effective tax rate reflected in our financial statements are likely to increase over time as a result of changes in corporate income tax rates, other changes in the tax laws of the various countries in which we operate or changes in the mix of countries where we generate profit. We have benefited or currently benefit from a variety of tax benefits that generally carry conditions that we must meet in order to be eligible to obtain such benefits. If we fail to meet the conditions upon which certain favorable tax treatment is based, we would not be able to claim future tax benefits and could be required to refund tax benefits already received. Additionally, some of these tax incentive programs and the related tax benefits are available to us for a limited number of years, and these benefits expire from time to time. For example, our average tax rate (calculated on profit before tax and exceptional items) increased to 32.6% in the financial year ended March 31, 2018 from an average tax rate equivalent to 31.4% in the financial year ended March 31, 2017.

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

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

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

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

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

We derive a significant portion of our revenue and earnings from a few key products. Specifically, for the financial year ended March 31, 2018, and the three months ended June 30, 2018, our top 10 products by revenue comprised 39.4% and 37.9%, respectively, of our total revenue from operations. Due to our acquisition of Triad's assets in September 2017, radiopharmaceuticals represent a significant portion of our financial results for the year ended March 31, 2018 as compared to previous financial years.

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

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

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

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

In our radiopharmaceuticals and CMO businesses lines, we typically enter into contracts with our customers with terms from three to five years and we generate a substantial portion of our revenues from customers with longer-term contracts. Our Spokane Facility derives a significant portion of revenue from a single customer. For radiopharmaceuticals, we rely on a limited number of radiopharmacy customers, including our own radiopharmacy network. If any of our key customers terminate their contracts, or delay or breach payment obligations, or reduce the volume of business we receive under the contracts, our revenues and profitability may be adversely affected.

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

We are a global integrated pharmaceutical company with worldwide operations and one of our strategic objectives is to continue to expand our geographic outreach. Although 89.4% of our revenues generated were from North America and Europe for the financial year ended March 31, 2018, we derive a portion of our sales and future growth from other regions such as Asia, the Middle East and Central and Eastern Europe, which may be more susceptible to political or economic instability. Moreover, as we often export a substantial number of

products into such markets, we may, therefore, be denied access to our customers or suppliers of our raw materials or denied the ability to ship products from any of our sites as a result of a closing of the borders of the countries in which we sell our products, or in which our operations are located, due to economic, legislative, political and military conditions, including hostilities and acts of terror, in such countries.

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

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

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

A substantial portion of our products are exported and sold in various countries across the world. These destination countries may impose varying duties and other levies on our products, which may adversely affect our ability to compete with the local manufacturers and other competitors, whom due to more widespread operations, are able to coordinate delivery and supplies from strategically located production facilities in a more cost competitive manner. There can be no assurance that the duties or other levies imposed on our products by such destination countries will not change or increase, or that such change or increase will not adversely affect our business and results of operations. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations and Contingent Liabilities—Other Commitments*" and "*—We are subject to numerous political, economic, legal, tax, operational and other risks as a result of our international operations, including risks of possible nationalization, expropriation and other restrictive governmental actions*".

Our sales depend on the coverage and adequacy of reimbursement from third party payers, and pricing and reimbursement pressures may affect our profitability.

Sales of some of our products depend, in part, on the extent to which the costs of our products, or of customers' products for which we supply APIs are paid by health maintenance, managed care, pharmacy benefit and similar healthcare management organizations, or are reimbursed by government health administration authorities, private health coverage insurers and other third party payers, in particular in the United States and Europe. These healthcare management organizations and third party payers are increasingly challenging the prices charged for medical products and services and putting limits on reimbursement or forcing the use of low cost alternatives. Additionally, the containment of healthcare costs has become a priority of many federal and state governments, and the prices of drugs and other healthcare products have been targeted in this effort. Accordingly, our current and potential products may not be considered cost effective, and reimbursement to the consumer may not be available or sufficient to allow us to sell our products on a competitive basis. Intense public scrutiny of the price of drugs and other healthcare costs continues and greater focus on pricing and price increases may limit our ability to set or increase the price of our products based on their value, which could have a material adverse effect on our product sales, business, financial condition and results of operations. In the U.S., no uniform policy of coverage and reimbursement for drugs exists among third party payers. Legislation and regulations affecting reimbursement for our products may change at any time and in ways that are difficult to predict, and these changes may have a material adverse effect on our business.

Payers, including healthcare insurers, pharmacy benefit managers ("**PBMs**") and GPOs with our products, nationally, increasingly seek ways to reduce their costs. Many payers continue to adopt benefit plan changes that shift a greater portion of prescription costs to patients. Such measures include more limited benefit plan designs, higher patient co-pay or co-insurance obligations and limitations on patients' use of commercial manufacturer co-pay payment assistance programs (including through co-pay accumulator adjustment or maximization programs.) Payers also increasingly seek price discounts or rebates in connection with the placement of our products on their formularies or those they manage. Payers also control costs by imposing restrictions on access to or usage of our products, such as by requiring prior authorizations or step therapy, and may choose to exclude certain indications for which our products are approved or even choose to exclude coverage entirely. Significant consolidation in the health insurance industry has resulted in a few large insurers

and PBMs exerting greater pressure in pricing and usage negotiations with drug manufacturers, significantly increasing discounts and rebates required of manufacturers and limiting patient access and usage. Further consolidation among insurers, PBMs and other payers, including through integrated delivery systems, would increase the negotiating leverage such entities have over us and other drug manufacturers. Ultimately, further discounts, rebates, coverage or plan changes, restrictions or exclusions as described above could have a material adverse effect on sales of our affected products.

We also face risks relating to the reporting of pricing data that affects the reimbursement of and discounts provided for our products. In the United States, pricing data that we submit to the U.S. government impacts the payment rates for providers, rebates we pay, and discounts we are required to provide under Medicare, Medicaid and other government drug programs. Government price reporting regulations are complex and may require a manufacturer to update certain previously submitted data. Our price reporting data calculations are reviewed monthly and quarterly, and based on such reviews we have on occasion restated previously reported pricing data to reflect changes in calculation methodology, reasonable assumptions and/or underlying data. If our submitted pricing data are incorrect, we may become subject to substantial fines and penalties or other government enforcement actions, which could have a material adverse effect on our business and results of operations. In addition, as a result of restating previously reported price data, we also may be required to pay additional rebates and provide additional discounts.

With respect to our radiopharmaceuticals, over the past several years, Medicare has implemented numerous changes to payment policies for imaging procedures in both the hospital setting and non-hospital settings (which include physician offices and freestanding imaging facilities). Some of these changes have had a negative impact on utilization of imaging services. Examples of these changes include:

- limiting payments for imaging services in physician offices and free-standing imaging facility settings based upon rates paid to hospital outpatient departments;
- reducing payments for certain imaging procedures when performed together with other imaging procedures in the same family of procedures on the same patient on the same day in the physician office and free-standing imaging facility setting;
- making significant revisions to the methodology for determining the practice expense component of the Medicare payment applicable to the physician office and free-standing imaging facility setting which results in a reduction in payment; and
- revising payment policies and reducing payment amounts for imaging procedures performed in the hospital outpatient setting.

We believe that Medicare changes to payment policies for imaging procedures applicable to non-hospital settings will continue to result in certain physician practices ceasing to provide these services and a further shifting of where certain medical imaging procedures are performed, from the physician office and free-standing imaging facility settings to the hospital outpatient setting. Within the hospital outpatient setting, the use of many of our products is not separately payable by Medicare, although other products may be payable as an add-on payment to the procedure. Changes applicable to Medicare payment in the hospital outpatient setting could also influence the decisions by hospital outpatient physicians to perform procedures that use our products.

Outside the United States, we expect countries will continue to take aggressive actions to reduce their healthcare expenditures. Any reduction in the coverage and reimbursement available for our products or in the timeliness or certainty of payment by payers to physicians and other providers could negatively impact the ability or willingness of healthcare providers to prescribe our products for their patients or could otherwise negatively affect the use of our products or the prices we receive for any of them. Any of such changes could have a material adverse effect on our product sales, business and results of operations.

Healthcare reform may reduce or modify reimbursement for our current or future products, which could cause our business to suffer.

Third party payers, whether domestic or foreign, or governmental or commercial, are developing increasingly sophisticated methods of controlling healthcare costs. In both the United States and certain foreign jurisdictions, there have been a number of legislative and regulatory changes to the healthcare system that could impact our ability to sell our products profitably. In particular, in the United States, the ACA and its

implementing regulations, among other things, revised the methodology by which rebates owed by manufacturers to the state and federal government for covered outpatient drugs and certain biologics, including our products, under the Medicaid drug rebate program are calculated, increased the minimum Medicaid rebates owed by most manufacturers under the Medicaid drug rebate program, extended the Medicaid drug rebate program to utilization of prescriptions of individuals enrolled in Medicaid managed care organizations, subjected manufacturers to new annual fees and taxes for certain branded prescription drugs, and provided incentives to programs that increase the federal government's comparative effectiveness research. Additionally, the ACA allowed states to implement expanded eligibility criteria for Medicaid programs, imposed a new Medicare Part D coverage gap discount program, expanded the entities eligible for discounts under the Public Health Service pharmaceutical pricing program, and implemented a new Patient-Centered Outcomes Research Institute. We are still unsure of the full impact that the ACA will have on our business.

Some of the provisions of the ACA have yet to be fully implemented, and there have been legal and political challenges to certain aspects of the ACA. President Trump has signed executive orders and other directives designed to delay, circumvent, or loosen certain requirements mandated by the ACA. In December 2017, Congress repealed the tax penalty for an individual's failure to maintain ACA-mandated health insurance as part of a tax reform bill. Further, on January 22, 2018, President Trump signed a continuing resolution on appropriations for fiscal year 2018 that delayed the implementation of certain ACA-mandated fees, including the so-called "Cadillac" tax on certain high cost employer-sponsored insurance plans, the annual fee imposed on certain health insurance providers based on market share, and the medical device excise tax on non-exempt medical devices. Moreover, the Bipartisan Budget Act of 2018 (BBA), among other things, amends the ACA, effective January 1, 2019, to close the coverage gap in most Medicare drug plans, commonly referred to as the "donut hole". In July 2018, the Centers for Medicare and Medicaid Services ("**CMS**") announced that it is suspending further collections and payments to and from certain ACA qualified health plans and health insurance issuers under the ACA risk adjustment program pending the outcome of federal district court litigation regarding the method CMS uses to determine this risk adjustment. Congress is continuing to consider legislation that would alter other aspects of the ACA. The ultimate content, timing or effect of any healthcare reform legislation on the U.S. healthcare industry is unclear.

Further legislation or regulation could be passed that could harm our business, financial condition and results of operations. Other legislative changes have been proposed and adopted since the ACA was enacted. For example, in August 2011, President Obama signed into law the Budget Control Act of 2011, which, among other things, included aggregate reductions to Medicare payments to providers of 2% per fiscal year, which went into effect beginning on April 1, 2013 and will stay in effect through 2027, unless additional Congressional action is taken. In January 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, further reduced Medicare payments to several types of providers, including hospitals, imaging centers and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years.

There have been, and likely will continue to be, legislative and regulatory proposals at the foreign, federal and state levels directed at broadening the availability of healthcare and containing or lowering the cost of healthcare. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability, or commercialize our products. Such reforms could have an adverse effect on anticipated revenue from products and may affect our overall financial condition.

Individual states in the United States have also become increasingly active in passing legislation and implementing regulations designed to control pharmaceutical product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. State government actions or ballot initiatives can also affect how our products are covered and reimbursed or create additional pressure on how our products are priced. Some states have adopted, and many other states have discussed and debated and are considering, new pricing legislation, including state proposals designed to require biopharmaceutical manufacturers to publicly report proprietary pricing information, limit price increases or to place a maximum price ceiling, or cap, on pharmaceutical products. For example, in October 2017, California's governor signed into law a new drug pricing transparency bill that requires pharmaceutical manufacturers to notify health insurers and government health plans at least 60 days before scheduled prescription drug price increases that exceed certain thresholds. Existing and proposed pricing legislation could lead to the introduction and passage of additional bills or ballot initiatives in other states.

Sales of certain of our products relies on reimbursement to our customers from U.S. federal government healthcare programs and commercial insurance plans regulated by the U.S. federal and state governments. Changes to U.S. federal reimbursement policy may come through legislative and/or administrative actions. Discussions continue around a number of potential legislative changes that could affect the reimbursement and/or pricing of our products, including proposals to allow the U.S. federal government to directly negotiate drug prices with pharmaceutical manufacturers and to require manufacturers to pay higher rebates in the Medicare Part D setting. Legislation has been introduced into Congress for other proposals, including legislation designed to overhaul provisions of the ACA as well as to enable commercial-level re-importation of prescription medications from Canada or other countries. The Trump administration's budget proposal for fiscal year 2019 contains further drug price control measures that could be enacted during the 2019 budget process or in other future legislation, including, for example, measures to permit Medicare Part D plans to negotiate the price of certain drugs under Medicare Part B, to allow some states to negotiate drug prices under Medicaid, and to eliminate cost sharing for generic drugs for low-income patients. Further, the Trump administration released a "Blueprint", or plan, to lower drug prices and reduce out-of-pocket costs of drugs that contains additional proposals to increase drug manufacturer competition, increase the negotiating power of certain federal healthcare programs, incentivize manufacturers to lower the list price of their products, and reduce the out-of-pocket costs of drug products paid by consumers. The U.S. Department of Health and Human Services ("**HHS**") has already started the process of soliciting feedback on some of these measures and, at the same, is immediately implementing others under its existing authority. While some proposed measures will require authorization through additional legislation to become effective, Congress and the Trump administration have each indicated that it will continue to seek new legislative and/or administrative measures to control drug costs. While we are unable to predict if additional changes may ultimately be enacted, to the extent that these or other changes affect how our products are priced, paid for and reimbursed by government and private payers in the United States, our business could be adversely impacted. Changes in U.S. federal reimbursement policy may also arise as a result of regulations or demonstration projects implemented by the CMS, the federal agency responsible for administering Medicare, Medicaid and the Health Insurance Marketplaces. Over the past several years, Medicare reimbursement amounts for our venom immuno therapy products have not materially changed despite new product introductions with increased prices and value propositions, as well as annual consumer price increases for existing products. Any reduction in third party payer reimbursements could have a material adverse effect on our business, financial position and results of operations. CMS has substantial power to quickly implement policy changes that can significantly affect how our products are covered and reimbursed. Legislative or regulatory changes in the United States or other federal or state government initiatives that decrease the coverage or reimbursement available for our products, require that we pay increased rebates, limit our ability to offer co-pay payment assistance to commercial patients, limit the pricing of pharmaceutical products or reduce the use of our U.S. products could have a material adverse effect on our business and results of operations.

We cannot predict the initiatives that may be adopted in the future. The continuing efforts of the government, insurance companies, managed care organizations and other payers of healthcare services to contain or reduce costs of healthcare and/or impose price controls may adversely affect:

- the demand for our product candidates, if we obtain regulatory approval;
- our ability to set a price that we believe is fair for our products;
- our ability to generate revenue and achieve or maintain profitability;
- the level of taxes that we are required to pay; and
- the availability of capital.

Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payers, which may adversely affect our future profitability.

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

Our business and performance are influenced by local and global economic conditions. The growth of the global pharmaceutical market is tied to global economic growth. A slowdown in global economic growth

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

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

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

In particular, our APIs can only be commercialized as an ingredient in a customer's drug formulation. This requires us to identify a drug manufacturer that will want to utilize our APIs in its formulation, and enter into an arrangement referred to as a "tie-up" whereby the formulation and the APIs are submitted as part of a single regulatory approval process. We incur significant expenses in developing our APIs and preparing them for commercialization. If we are unable to enter into tie-up arrangements, our APIs will not be approved and we will lose the investments made in developing the APIs and will not be able to realize the benefit that we had anticipated. Similarly, in the solid dosage formulations business in the United States, even if we are successful in developing the products and receiving the necessary regulatory approvals, we may not be able to successfully market our products through the distribution network or to the United States Federal Government. The degree of market acceptance of our products and services will depend on a number of factors, including:

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

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

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

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

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

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

Consistent with industry practice in the United States, our U.S. subsidiary, Jubilant Cadista, like many other generic product manufacturers, has liberal return policies and has been willing to give customers post-sale inventory allowances in our Generics & APIs business segment. In certain cases, our other U.S. subsidiary, Jubilant HollisterStier LLC ("**JHS**"), may also provide discounts to encourage customers to purchase and promote the use of certain of our allergy therapy products. For example, JHS provides discounts from product list prices on its various allergy therapy products to its allergist customers, in line with market practices to help reduce product costs to allergists. Under certain arrangements with customers, from time to time, we may give customers credits on generic products that customers hold in inventory after decreasing the market prices of the same generic products. Therefore, if new competitors enter the marketplace and significantly lower the prices of any of their competing products, we may reduce the price of our product. As a result, we may be obligated to provide significant credits to customers who are then holding inventories of such products, which could reduce sales revenue and gross margin for the period the credit is provided. Such arrangements with our customers are also subject to high service quality level, including failure to supply penalties, which in the event we are unable to supply a certain product and are unable to meet the needs of our customers, for whatever reason including unavailability of raw material APIs, could lead to service level penalties, which may be significant. Such penalties typically are not passed through to our suppliers, notwithstanding that such unavailability may arise from such suppliers instead of us. Like our competitors, we also give credits for chargebacks to wholesale customers that have contracts with us for their sales to hospitals, GPOs, pharmacies or other retail customers. A chargeback represents an amount payable in the future to a wholesaler for the difference between the invoice price paid to us by our wholesale customer for a particular product and the negotiated contract price that the wholesaler's customer pays for that product. Although we establish reserves based on our prior experience and our best estimates of the impact that these policies may have in subsequent periods, we cannot ensure that our reserves are adequate or that actual product returns, allowances and chargebacks will not exceed our estimates, which could have a material adverse effect on our financial condition, results of operations and cash flows. As we continue to experience the consolidation of our customers, which may result in changes to previous patterns of ordering and/or pricing of our products, this could disrupt our established methodologies for calculating our provisions for chargebacks and other accruals.

Our inability to accurately forecast demand for our products and manage our inventory may have an adverse effect on our business, financial condition and results of operations.

Our business depends on our estimate of the long-term demand for our products from our customers. If we underestimate demand or have inadequate capacity due to which we are unable to meet the demand for our products, we may manufacture fewer quantities of products than required, which could result in the loss of business. While we forecast the demand for our products and accordingly plan our production volumes, any error in our forecast could result in surplus stock, which may not be sold in a timely manner or at all. At times when we have overestimated demand, we may have incurred costs to build capacity or purchased more raw materials and manufactured more products than required. In addition, each of our products has a shelf life of a specified number of years and if not sold prior to expiry, may lead to losses or if consumed after expiry, may lead to health hazards. Our inability to accurately forecast demand for our products and manage our inventory may have an adverse effect on our business, financial condition, results of operations and cash flows.

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

We have incurred significant indebtedness in connection with our operations and have indebtedness that is substantial in relation to our shareholders' equity. As at March 31, 2016, 2017 and 2018 and as at June 30, 2018, our total outstanding indebtedness (comprising loans and borrowings, net of un-amortized transaction costs) amounted to US$407.9 million, US$445.1 million, US$408.5 million and US$409.1 million, respectively. In comparison, our shareholders' equity for the same period was US$282.4 million, US$328.2 million, US$384.2 million and US$387.5 million. Although we believe that our current levels of cash flows from operations and working capital borrowings are sufficient to service existing debt, we may not be able to generate sufficient cash flow from operations in the future and future working capital borrowings may not be available in an amount sufficient to enable us to do so.

If we are unable to comply with the restrictions and covenants in the indenture (the "**Indenture**") governing the US$300 million 4.875% senior notes due 2021 ("**Senior Notes**") that the Company issued on September 29, 2016 or our current or future debt obligations and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to us, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. Furthermore, some of our debt agreements, including the Indenture, contain cross-acceleration or cross default provisions. As a result, our default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Senior Notes, or result in a default under our other debt agreements, including the Indenture. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay in full all of our indebtedness, or that we would be able to find alternative financing. Even if we could obtain alternative financing, we cannot assure you that it would be on terms that are favorable or acceptable to us.

Our ability to make scheduled payments on, or to refinance our obligations with respect to, our indebtedness, in a timely manner or at all, will depend on our financial and operating performance, which in turn will be affected by general economic conditions and by financial, competitive, regulatory and other factors beyond our control. We may not generate sufficient cash flow from operations and future sources of capital may not be available to us in an amount sufficient to enable us to service our indebtedness, including the Senior Notes, or to fund our other liquidity needs. If we are unable to generate sufficient cash flow and capital resources to satisfy our debt obligations or other liquidity needs, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital, or at all. Any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could also harm our ability to incur additional indebtedness. In addition, any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. There is no assurance that any refinancing would be possible, that any assets could be sold or, if sold, of the timing of the sales and the amount of proceeds that may be realized from those sales, or that additional financing could be obtained on acceptable terms, or at all.

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

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

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

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

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

Our ability to plan for or to react to market conditions or meet our capital need may be limited by the terms of our Senior Notes.

The Indenture governing the Senior Notes includes a number of significant restrictive covenants. These covenants restrict, among other things, our ability, and the ability of our restricted subsidiaries, to incur additional indebtedness and issue preferred stock, make investments or other specified restricted payments, enter into agreements that restrict its and its restricted subsidiaries' ability to pay dividends and, transfer assets or make inter-company loans, issue or sell capital stock of restricted subsidiaries, enter into transactions with shareholders or affiliates, create liens, enter into sale and leaseback transactions, sell assets, engage in different business activities or effect a consolidation or merger. These covenants could limit our ability to plan for or react to market conditions or to meet our capital needs. Our ability to comply with these covenants may be affected by events beyond our control, and we may have to curtail some of our operations and growth plans to maintain compliance.

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

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

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

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

Our contracts are governed by the laws of various countries and disputes arising from such contracts may be subject to the exclusive jurisdiction of courts situated in such countries.

Most of the contracts executed with our distributors and customers are governed by the laws of the country in which the distributor or customer is incorporated. Further, any disputes related to such contracts may be subject to the exclusive jurisdiction of courts situated in such countries. Any lawsuits with respect to such disputes must be instituted in a court having jurisdiction over the contract, which may cause us difficulty to manage such suits and to obtain enforcement of awards, either or both of which may also lead to us incurring greater costs and diverting our management's attention from carrying out our business operations.

We, our directors and controlling shareholders are and may from time to time be involved in legal proceedings.

We, our directors and controlling shareholders are and may from time to time be involved in legal proceedings and claims in certain of the countries where we conduct our business or are resident in. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Should any new developments arise, such as changes in applicable law of the jurisdictions relevant to us, or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and our liabilities. Further, we cannot assure you that any legal proceedings will be decided in our favor and our financial liability may be enhanced in the event any court, tribunal or authority passes an adverse

order against us. Any such adverse decision may have a significant adverse effect on our business, financial condition and results of operations. See also "*—If we are unable to defend ourselves in challenges related to intellectual property rights, we could be subject to injunctions preventing us from selling our products, resulting in a decrease in revenues, or we could be subject to substantial liabilities that would lower our profits and adversely affect our financial condition*".

India has an elaborate judicial framework with a multi-tier judicial machinery and a complex system of procedural and substantive laws, which may lead to actions and disputes in multiple fora. Litigation in India, or even the threat of litigation, can be expensive, lengthy and disruptive to normal business operations, and the results of litigation are inherently uncertain and may result in adverse rulings or decisions, including interim measures. Further, private citizens are permitted to initiate criminal complaints against companies and other individuals and we, our directors and may be required to defend frivolous actions, which may not resolve in a timely manner. The Promoters are each a party to certain legal proceedings before various courts in India and, if determined against them, could have an adverse effect on our business, financial condition and results of operations. No assurances can be given as to whether these proceedings will be decided in the Promoters' favor or have no adverse outcome, nor can any assurance be given that no further liability will arise out of these claims.

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

As at June 30, 2018, less than 10% of our employees belong to a number of different labor unions or undertake collective bargaining. Although we generally enjoy cordial relations with our employees, we experienced a 10-day strike in July 2016 over wages during the renewal of the JDI's union contract. This was however resolved amicably through a voluntary mediation process and, during the absence of certain of our employees there, management personnel maintained production. JDI has since signed a three-year contract with the union and brought the matter to closure. There have been no other instances of major strikes, lockouts or other disruptive labor disputes but if any such negotiations in future regarding wages with our employees or any of the labor unions to which our employees belong are not concluded quickly, our relations with our employees could suffer, which could have a material adverse effect on our results of operations.

We are subject to foreign, federal, and state, anti-kickback, false claims, physician payment transparency, fraud and abuse laws, and privacy laws, which may adversely affect our business.

We are subject to various federal, state and foreign laws pertaining to foreign corrupt practices and healthcare fraud and abuse, including anti-kickback, marketing and pricing laws ("**anti-kickback laws**"). In the United States, most of our products sold by Jubilant Cadista, JDI and JDR are reimbursed under federal and state healthcare programs such as Medicaid, Medicare, TriCare, and or state pharmaceutical assistance programs. Many patients and imaging procedures are also covered under a variety of private insurance carriers. These laws may impact, among other things, our proposed sales and marketing programs as well as any patient support programs we may consider offering. The laws that may affect our ability to operate include:

- the federal anti-kickback statute (the "**Anti-Kickback Statute**"), which prohibits, among other things, knowingly and willfully soliciting, receiving, offering or paying any remuneration (including any kickback, bribe or rebate), directly or indirectly, overtly or covertly, in cash or in kind, to induce, or in return for, either the referral of an individual, or the purchase, lease, order or recommendation of any good, facility, item or service for which payment may be made, in whole or in part, under a federal healthcare program, such as the Medicare and Medicaid programs. The term remuneration has been interpreted broadly to include anything of value including, for example, gifts free items or services. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. Violations are also subject to civil monetary penalties for each violation, plus up to three times the remuneration involved. Violations of the Anti-Kickback Statute may also result civil and criminal penalties, including criminal fines of up to US$100,000 and imprisonment of up to 10 years, or exclusion from Medicare, Medicaid or other governmental programs. Violation of the Anti-Kickback Statute may also constitute a false or fraudulent claim for purposes of the federal False Claims Act ("**FCA**");

- federal civil and criminal false claims laws and civil monetary penalty laws, such as the FCA which imposes criminal and civil penalties against individuals or entities for knowingly

presenting, or causing to be presented, to the federal government, claims for payment or approval from Medicare, Medicaid or other third party payers that are false or fraudulent, including failure to timely return an overpayment received from the federal government or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government. These laws can apply to entities that provide information on coverage, coding, and reimbursement of their products and assistance with obtaining reimbursement to persons who bill payers. Private individuals can bring FCA "qui tam" actions, on behalf of the government and such individuals, commonly known as "whistleblowers", may share in amounts paid by the entity to the government in fines or settlement. When an entity is determined to have violated the federal civil FCA, the government may impose civil fines and penalties for each false claim, plus up to three times the amount of damages sustained by the federal government and, may provide the basis for exclusion from federally funded healthcare programs;

- provisions of the federal Health Insurance Portability and Accountability Act of 1996 ("**HIPAA**"), which created new federal criminal statutes, prohibit knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program or obtain, by means of false or fraudulent pretenses, representations or promises, any of the money or property owned by, or under the custody or control of, any healthcare benefit program, regardless of the payer (e.g., public or private) and knowingly and willfully falsifying, concealing or covering up by any trick or device a material fact or making any materially false statements in connection with the delivery of, or payment for, healthcare benefits, items or services relating to healthcare matters. As well as provisions of HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009 and their respective implementing regulations, which impose requirements on certain covered healthcare providers, health plans, and healthcare clearinghouses as well as their respective business associates that perform services for them that involve the use, or disclosure of, individually identifiable health information, relating to the privacy, security and transmission of individually identifiable health information without appropriate authorization;

- the federal transparency requirements under the ACA, including the provision commonly referred to as the Physician Payments Sunshine Act, which requires manufacturers of drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program to report annually to the HHS information related to all payments or other transfers of value made to physicians and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members unless a specific exclusion applies. Applicable manufacturers are required to submit annual reports to CMS. Failure to submit required information may result in civil monetary penalties for all payments, transfers of value or ownership or investment interests that are not timely, accurately, and completely reported in an annual submission, and may result in liability under other federal laws or regulations;

- state and non-U.S. equivalents of each of the healthcare laws described above, among others, some of which may be broader in scope and may apply regardless of the payer. Many U.S. states have adopted laws similar to the Anti-Kickback Statute, some of which apply to the referral of patients for healthcare services reimbursed by any source, not just governmental payers, including private insurers, or paid directly by the patient. In addition, some states have passed laws that require pharmaceutical companies to comply with the April 2003 Office of Inspector General Compliance Program Guidance for Pharmaceutical Manufacturers and/or the Pharmaceutical Research and Manufacturers of America's Code on Interactions with Healthcare Professionals. Several states also impose other marketing restrictions or require pharmaceutical companies to make marketing or price disclosures to the state. There are ambiguities as to what is required to comply with these state requirements and if we fail to comply with an applicable state law requirement, we could be subject to penalties; and

- national regulations, both the U.S. federal government and the states in which we conduct our business, and foreign laws and regulations, including the European General Data Protection Regulations, on privacy with respect to personal data, identifiable health information, sensitive information, and other data of patients and customers.

Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, it is possible that some of our business activities, such as providing free allergy extracts, diagnostic equipment and other items to physicians, including some who may prescribe, purchase or may be in a position to influence the ordering or purchasing of our products, could be subject to challenge under one or more of such laws. In addition, if any of the physicians or other providers or entities with whom we expect to do business is found to be not in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs. Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws and regulations will involve substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, disgorgement, monetary fines, possible exclusion from participation in Medicare, Medicaid and other federal healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of our operations, any of which could adversely affect our ability to operate our business and our results of operations.

Our business is subject to risk from climate change.

Our business is subject to risk from climate change. Some of the potential impacts of climate change to our business include increased operating costs due to additional regulatory requirements and increased energy costs. Laws and regulations are in effect at the regional, national, and supranational levels to reduce greenhouse gas ("**GHG**") emissions to mitigate climate change, and we expect that additional, more stringent laws and regulations will be implemented in the future. In the United States, newly constructed or modified facilities with the potential to emit certain quantities of GHGs are subject to carbon efficiency standards, GHG emission concentration limits, specific technology requirements, or other measures. At the international level, many nations have agreed to limit emissions of GHGs pursuant to the United Nations Framework Convention on Climate Change, also known as the "Kyoto Protocol". Furthermore, many countries have committed themselves to GHG emission reduction targets under the Paris Agreement, which entered into force in November 2016. We face risk from these additional regulatory requirements and increased energy costs. In addition, sea level rise and more frequent and severe weather events caused or contributed to by climate change pose physical risks to our facilities and could cause disruptions to our supply chain. Climate change could also limit water availability, impacting our manufacturing operations and our supply chain.

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

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

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

We regularly review our long-lived assets, including identifiable intangible assets and goodwill, for impairment. Goodwill, finite intangible assets and indefinite life intangible assets are subject to impairment review at least annually. Other long-lived assets are reviewed when there is an indication that an impairment may have occurred. The amount of goodwill and identifiable intangible assets on our consolidated balance may increase further following future acquisitions as a result of any changes in accounting rules and may lead to further impairment charges in the future. In addition, we may from time to time sell assets that we determine are

not critical to our strategy or execution. Future events or decisions may lead to asset impairments and/or related charges. Certain non-cash impairments may result from a change in our strategic goals, business direction or other factors relating to the overall business environment. Any significant impairment charges could have a material adverse effect on our results of operations. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies*".

A majority of our operating subsidiaries are incorporated in the United States, Canada and India, a substantial portion of our assets are located in the United States, Canada and India and certain of our Directors and executive officers and all or a substantial portion of their assets are located in India and the United States. As a result, Investors may have difficulty enforcing judgments from outside these jurisdictions against our subsidiaries, certain of our Directors and our executive officers.

The Company is a holding company with no business operations and its assets mainly comprise the equity interests it holds in its subsidiaries, which are located in multiple jurisdictions. The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time, may provide shareholders with certain rights and protection of which there may be no corresponding or similar provisions under the laws of the jurisdictions in which our subsidiaries are located. We conduct all of our operations through our subsidiaries. A majority of our operating subsidiaries are incorporated in the United States, Canada and India, a substantial position of our assets are located in the United States, Canada and India and certain of our Directors and executive officers and all or a substantial portion of their assets are located in India and the United States. As a result, it may not be possible, or it may be difficult, for Investors to effect service of process upon such persons in jurisdictions outside these jurisdictions or to enforce judgments obtained against such Directors outside India or the United States.

In particular, India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, which include the United Kingdom, Singapore and Hong Kong. The United States has not been declared as a reciprocating territory for the purposes of the Indian Code of Civil Procedure, 1908, as amended ("**Indian Civil Code**"). In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements of the Indian Civil Code. The Indian Civil Code only permits the enforcement of monetary decrees, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties and does not include arbitration awards. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against us, our officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court. However, the party in whose favor such final judgment is rendered, may bring a fresh suit in a competent court in India, based on a final judgment that has been obtained in a non-reciprocating territory, within three years of obtaining such final judgment. It is unlikely that an Indian court would award damages on the same basis, or to the same extent, as was awarded in a final judgment rendered by a court in another jurisdiction, if the Indian court believes that the amount of damages awarded was excessive or inconsistent with public policy in India. In addition, any person seeking to enforce a foreign judgment in India is required to obtain prior approval of the RBI, to repatriate any amount outside India recovered pursuant to the execution of the judgment.

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

Two of our six manufacturing facilities as well as our central R&D center are located in India. Our business, and the market price and liquidity of our securities may be affected by foreign exchange rates and controls, interest rates, changes in government policy, taxation, natural calamities, social and civil unrest and other political, economic or other developments in or affecting India.

Since 1991, successive Indian governments have pursued policies of economic liberalization and financial sector reforms. The Indian government has traditionally exercised and continues to exercise influence over many aspects of the economy. The role of the Indian central and state governments in the Indian economy as producers, consumers and regulators has remained significant and we cannot assure you that such liberalization policies will continue. Additionally, corruption and protests against privatizations, which have occurred in the past, could slow down the pace of liberalization and deregulation in India. The rate of India's

economic liberalization could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well. Any such significant change could disrupt business and economic conditions in India generally, and specifically ours, as some of our assets including two of our manufacturing facilities are located in India, which may adversely affect our financial condition and results of operations.

JGL, our wholly owned Indian subsidiary, is subject to exchange control laws in India.

There are certain restrictions on the conversion of Indian Rupees into foreign currency. The Indian Foreign Exchange Management Act, 1999 ("**FEMA**") regulates transactions involving foreign exchange and provides that certain transactions cannot be carried out without the general or special permission of the Reserve Bank of India ("**RBI**"). The FEMA has eased restrictions on most current account transactions as provided in the Foreign Exchange Management (Current Account Transaction) Rules, 2000, as amended.

However, the RBI continues to exercise significant control over capital account transactions (such as transactions which alter the assets and liabilities, including contingent liabilities outside India of persons resident in India or assets and liabilities in India of persons resident outside India). The RBI has issued regulations under the FEMA to regulate the various kinds of capital account transactions, including certain aspects of the purchase and issuance of shares of Indian companies.

The RBI, being the primary regulator with respect to exchange control laws in India issues regulations and guidelines from time to time and may review foreign exchange transactions undertaken by us, including investments made by our Company in JGL and any transaction undertaken by JLL, our parent, in the shares of our Company. We cannot assure you that we will be able to comply with the relevant requirement, in a timely manner or at all, which may adversely affect our business, financial condition and results of operations.

We have activities in certain countries that are exposed to a higher risk of sanctions or are subject to sanctions by the United States and other countries.

The U.S. Department of the Treasury's Office of Foreign Assets Control, or OFAC, administers and enforces trade and economic sanctions laws and regulations that restrict or prohibit U.S. persons as well as persons owned or controlled by U.S. persons and, in some instances, foreign entities, for engaging in activities or transactions with certain countries, governments, entities or individuals. In addition, there may be other sanctions legislation administered and enforced by other regulatory bodies, including the United Nations Securities Council, Her Majesty's Treasury and the European Union, and we cannot predict their enforcement policies with regards to our business activities.

As an organization with global operations, we may from time to time conduct business, in accordance with applicable laws, with customers (either directly or indirectly through traders and agents) in various countries that are exposed to higher sanctions risks, such as Venezuela, Ukraine and Qatar. In the last three financial years, sales to customers located in Venezuela, Ukraine and Qatar (who have not been identified as a "Specially Designated National and Blocked Person" or "**SDN**") have amounted to less than US$100,000.

In addition, while we have, from time to time, conducted business with customers in Iran, which is the target of US sanctions, this trade has not been subject to U.S. jurisdiction and has not involved SDNs. In the last three financial years, sales by JGL to customers located in Iran have amounted to less than 0.1% of our total income for each such year. In each case, we believe such sales have been conducted in accordance with applicable sanctions laws and regulations.

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

Counterfeit versions of our products could harm our patients and reputation.

Our industry has been increasingly challenged by the vulnerability of distribution channels to illegal counterfeiting and the presence of counterfeit products in a growing number of markets and over the Internet. Third parties may illegally distribute and sell counterfeit versions of our products, which do not meet the rigorous manufacturing and testing standards that our products undergo. Counterfeit products are frequently

unsafe or ineffective, and can be potentially life-threatening. Counterfeit medicines may contain harmful substances, the wrong dose of the API or no API at all. However, to distributors and patients, counterfeit products may be visually indistinguishable from the authentic version.

Reports of adverse reactions to counterfeit drugs or increased levels of counterfeiting could materially affect patient confidence in the authentic product, and harm the business of companies such as ours. Additionally, it is possible that adverse events caused by unsafe counterfeit products would mistakenly be attributed to the authentic product. In addition, there could be thefts of inventory at warehouses, plants or while in transit, which are not properly stored and which are sold through unauthorized channels.

A heightened public or regulatory focus on the radiation risks of diagnostic imaging could have an adverse effect on our business.

We believe that there has been heightened public and regulatory focus on radiation exposure, including the concern that repeated doses of radiation used in diagnostic imaging procedures pose the potential risk of long-term cell damage, cancer and other diseases. For example, starting in January 2012, CMS required the accreditation of facilities providing the technical component of advanced imaging services, including PET and nuclear medicine, in non-hospital freestanding settings. In August 2011, The Joint Commission (an independent, not-for-profit organization that accredits and certifies more than 20,500 healthcare organizations and programs, including commercial radiopharmacies, in the U.S.) issued an alert on the radiation risks of diagnostic imaging and recommended specific actions for providing "the right test and the right dose through effective processes, safe technology and a culture of safety". Revised accreditation standards issued by The Joint Commission for diagnostic imaging took effect in July 2015.

Heightened regulatory focus on risks caused by the radiation exposure received by diagnostic imaging patients could lead to increased regulation of radiopharmaceutical manufacturers or healthcare providers who perform procedures that use our imaging agents, which could make the procedures more costly, reduce the number of providers who perform procedures and/or decrease the demand for our products. In addition, heightened public focus on or fear of radiation exposure could lead to decreased demand for our products by patients or by healthcare providers who order the procedures in which our agents are used. Although we believe that our diagnostic imaging agents when properly used do not expose patients and healthcare providers to unsafe levels of radiation, any of the foregoing risks could have an adverse effect on our business, financial condition, results of operations and cash flows.

From time to time, the USFDA issues guidance that is relevant to our industry and/or business and such guidance, if finalized, may have a material impact on our operations.

From time to time, the USFDA issues guidance that is relevant to our industry and/or business. Most recently, in June 2018, the USFDA released a draft guidance for the industry entitled "*Oncology Therapeutic Radiopharmaceuticals: Nonclinical Studies and Labeling Recommendations*". The recommendations are applicable to products that are administered systemically and undergo alpha, beta, and/or gamma decay. The isotopes we use for our radiopharmaceuticals undergo gamma decay. Although adherence to USFDA guidance is not mandatory, and companies are free to use alternative approaches if such approaches satisfy the requirements of applicable laws and regulations, USFDA guidance is a strong indication of the USFDA's "current thinking" on the topic discussed in the guidance, including its position on enforcement and hence adherence to such guidance is strongly recommended. At this time, it is difficult to determine whether the draft guidance, if finalized, would have a material impact on our operations. However, if the USFDA were to enforce the applicable statutes and regulations in accordance with the draft guidance as written, such enforcement could require us to incur additional expenses, which could be significant, and negatively impact our business in several ways, including, but not limited to, enjoining the manufacturing of our products until the USFDA determines that we are in compliance and can resume manufacturing, increasing our liability and reducing our growth prospects.

On January 1, 2018, new guidelines regarding elemental impurities in brand and generic drug products went into effect. Elemental impurities, such as arsenic and lead, pose toxicological risks to patients without providing any therapeutic benefit. These impurities may be present in drug products from a variety of sources, such as interactions with equipment during the drug manufacturing process. The new guidelines require all new and existing NDAs and ANDAs for drug products with an official USP monograph to meet the requirements in USP General Chapters 232 and 233 of the U.S. Pharmacopeial Convention ("**USPC**") for the control of elemental impurities. In addition, applicants submitting NDAs and ANDAs for drug products without a USP

monograph are expected to follow the recommendations in the International Council for Harmonisation (ICH) Q3D Elemental Impurities guideline. The new guidelines were implemented further to draft guidance entitled "*Elemental Impurities in Drug Products*" published by the USFDA in June 2016.

Changes in regulatory requirements, USFDA guidance, guidance published by the EMA or the other competent authorities in foreign jurisdictions, or unanticipated events may force us to amend our production, labeling and other processes or protocols resulting in increased costs to us. If we are not able to pass such costs to our customers in the future, our margins may decline, which could have a material adverse effect on our business, financial condition, results of operation, and cash flows.

Amendments to USP General Chapters 797 and 825 of the USPC relating to compounding standards for the manufacture of medicine are anticipated to occur in 2019.

Compounding is the combining, mixing or altering ingredients, in any setting, to create medication that can meet unique medical needs of individual patients. USP General Chapters 795 (*Pharmaceutical Compounding – Nonsterile Preparations*), 797 (*Pharmaceutical Compounding – Sterile Preparations*), and 800 (*Hazardous Drugs – Handling in Healthcare Settings*) of the USPC is a set of standards assisting practitioners, including radiopharmacies, to consistently produce quality compounded preparations. To provide a unified approach to quality compounding, USP intends to align the timing and content of these three chapters. USP General Chapters 795 and 797 are currently being revised. Among other content changes in the proposed revisions, hazardous drug handling sections in USP General Chapters 795 and 797 will reference USP General Chapter 800, which was completed and published in February 2016. The USPC expects the three chapters to be aligned on December 1, 2019. The current published versions of these chapters are official until the revisions become official. USP General Chapter 797 is of particular relevance to our business. We cannot guarantee that any of these or other revisions to the USP General Chapters will not lead to increased costs to us or otherwise affect the way we run our business. Our inability to pass such costs to our customers in the future or adapt our business to be in compliance with any applicable revisions, could have a material adverse effect on our business, financial condition, results of operation, and cash flows.

In addition, the anticipated revisions to USP General Chapter 797 will eliminate the section Radiopharmaceuticals as Compounded Sterile Preparations and replace it with a reference to USP General Chapter 825 (*Radiopharmaceuticals – Preparation, Compounding, Dispensing, and Re-packaging*). USP General Chapter 825 will be published for public comment between July 27 and November 30, 2018, and is anticipated to become official on December 1, 2019. At this time, it is difficult to determine whether the proposed revisions to USP General Chapter 825, if finalized, would have a material impact on our operations.

Brexit could adversely impact our business, financial condition and results of operations.

On June 23, 2016 the United Kingdom ("**UK**") voted to leave the EU in a referendum ("**Brexit**"). Brexit could impair our ability to transact business in EU countries. Brexit has already and could continue to adversely affect European and/or worldwide economic and market conditions and could continue to contribute to instability in the global financial markets and volatility in the value of the Pound Sterling or other currencies, including the Euro. The long-term effects of Brexit will depend in part on any agreements the United Kingdom makes to retain access to EU markets following the United Kingdom's withdrawal from the EU. We expect that Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the United Kingdom determines which EU laws to replicate or replace. If the United Kingdom were to significantly alter its regulations affecting the pharmaceutical industry, we could face significant new costs. It may also be time-consuming and expensive for us to alter our internal operations in order to comply with new regulations. Altered regulations could also add time and expense to the process by which our product candidates receive regulatory approval in the United Kingdom and EU, and may affect our current drug approvals. The EMA is currently based in London and although Brexit is unlikely to have an effect on drugs currently under review, it may lead to a lengthier process in the future and we may need to engage in a separate drug approval process with the UK's Medical & Healthcare Products Regulatory Agency (MHRA). Similarly, it is unclear at this time what Brexit's impact will have on our intellectual property rights and the process for obtaining and defending such rights. It is possible that certain intellectual property rights, such as trademarks, granted by the EU will cease being enforceable in the UK absent special arrangements to the contrary. With regard to existing patent rights, the effect of Brexit should be minimal considering enforceable patent rights are specific to the UK, whether arising out of the European Patent Office or directly through the UK patent office. Any of these effects of Brexit, and others we cannot anticipate, could adversely affect our business, business opportunities, results of operations, financial condition and cash flows.

Financial Impact of Our Recent Acquisition of our Radiopharmacy Business

During the financial year ended March 31, 2018, we acquired substantially all of the assets of Triad's radiopharmacy business. As a result of the acquisition, we operate the second largest commercial radiopharmacy network in the United States with a national footprint of more than 50 radiopharmacies across 22 states. This distribution platform provides us with direct access to hospital networks and the ability to deliver approximately three million patient doses annually to approximately 1,700 customers. Our acquisition was effective as at September 1, 2017 and as such, our consolidated financial statements for the financial year ended March 31, 2018 and our interim consolidated financial statements for the three months ended June 30, 2018 include the post-acquisition results of our radiopharmacy business as at September 1, 2017, which contributed significantly to our revenue from operations. As a result, the period-to-period comparison of our financial results for the financial years ended March 31, 2017 and 2018 and for the three months ended June 30, 2017 and 2018, are not strictly comparable.

Consolidation of our Financial Statements

The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and Singapore Financing Reporting Standards (International) ("**SFRS(I)**") as issued by Accounting Standards Council in Singapore.

Under the process of consolidation the standalone books of accounts of the Company and its subsidiaries are maintained under their respective local GAAP, the local GAAP trial balances are converted into IFRS and SFRS(I) and our financial statements are compiled and reported in accordance with IFRS and SFRS(I).

KPMG LLP, our auditors, audit the Company's consolidated financial statements prepared by us. KPMG LLP has audited the accounts of the Company and its subsidiaries and partnerships for consolidation purposes. The financial statements of the Company and its subsidiaries have been consolidated by adding together the book values of assets and liabilities, equity, income and expenses of our subsidiaries with those of the Company on a line-by-line basis after elimination of (i) the carrying amount of each parent company's investment in each subsidiary and such parent company's portion of equity in each subsidiary, (ii) intra-group transactions and (iii) unrealized profits. For more information, see "*—Critical Accounting Policies—Basis of preparation*".

Operating Segments

We present our financial reporting as two reporting segments, namely: (i) Specialty Pharmaceuticals (consisting of radiopharmaceuticals, CMO and allergy therapy products) and (ii) Generics & APIs (consisting of solid dosage formulations and APIs).

Significant Factors Affecting our Results of Operations

Products and Services Offered

The mix of our product and services offered has changed and, we expect, will continue to change over time. Depending on the nature and magnitude, such changes can impact our profitability. We rely on our principal products to generate a significant portion of our revenue from operations (net). For example, in the financial year ended March 31, 2018, and the three months ended June 30, 2018, our top 10 products by revenue contributed 39.4% and 37.9% , respectively, to our revenue from operations.

The prices and profit margins of our products also vary by the types of products produced and the raw materials used. For example, the profit margin of our specialty pharmaceuticals products, which are typically sold with price premiums, is generally higher than our generics products.

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

	Financial Year Ended March 31						Three Months Ended June 30			
	2016		2017		2018		2017		2018	
	(US$ thousands)	(%)	(US$ thousands)	(%)	(US$ thousands)	(%)	(US$ thousands)	(%)	(US$ thousands)	(%)
Specialty Pharmaceuticals										
Radiopharmaceuticals	108,685.6	24.8	121,602.4	26.4	265,060.6	42.8	39,415.7	31.5	88,377.2	50.1
Contract Manufacturing of Sterile Injectables and Non-Sterile Products (CMO)	85,753.6	19.6	88,740.6	19.3	100,863.4	16.3	21,818.9	17.4	22,351.0	12.7
Allergy Therapy Products	32,444.1	7.4	36,350.9	7.9	43,598.8	7.0	11,527.2	9.2	11,233.8	6.4
Sub-total Specialty Pharmaceuticals	226,883.4	51.8	246,694.0	53.6	409,522.9	66.1	72,761.9	58.1	121,962.1	69.1
Generics & APIs										
Solid Dosage Formulations	124,521.0	28.4	121,992.8	26.5	123,540.8	20.0	28,928.1	23.1	35,810.9	20.3
Active Pharmaceutical Ingredients (APIs)	86,704.5	19.8	91,885.4	20.0	86,101.9	13.9	23,443.4	18.7	18,699.2	10.6
Sub-total Generics & APIs	211,225.5	48.2	213,878.1	46.4	209,642.7	33.9	52,371.5	41.9	54,510.1	30.9
Revenue from operations (net)	**438,108.9**	**100.0**	**460,572.1**	**100.0**	**619,165.6**	**100.0**	**125,133.3**	**100.0**	**176,472.2**	**100.0**

Our Specialty Pharmaceuticals business segment is generally characterized by relatively high profit margins , attributable to high barriers of entry due to the capital-intensive nature of the business and the level of technical expertise required to develop, manufacture and obtain regulatory approvals for products. Competitors within the specialty pharmaceuticals space generally aim to develop differentiated and innovative products to maintain market leadership position.

In our Generics & APIs business segment, due to increased competition from other generic pharmaceutical manufacturers as they gain regulatory approvals to market generics products, selling prices and related profit margins tend to decrease as products mature. Thus, our future results of operations are dependent on, among other factors, our ability to continue to produce our products more efficiently by driving integration advantages such as by increasing the proportion of APIs developed in-house as production materials for our solid dosage formulations business line and to continue introducing new products. In addition, we believe efficiencies gained from such vertical integration help us maintain cost competitiveness and enable us to withstand pricing pressures, which are inherent in the generic pharmaceutical industry.

Accordingly, the launch of new products and services and the increase in volume of products sold has continued to have a positive impact on our overall revenues and profitability. We intend to further expand and improve our product portfolio and use innovative technologies to develop new products and improve existing products. We anticipate that future new product launches for our solid dosage formulations and radiopharmaceutical business lines, including mIBG sales, when launched, will contribute significantly to our revenue growth in the future. See "*Risk Factors—Risks Relating to our Business—We are involved in legal proceedings from time to time that, if determined against us, could adversely impact our business, financial condition and results of operations*".

Research and Development of New Products

The research and development of new innovative pharmaceutical products is essential to continued positive results of operations. Accordingly, the nature of our R&D expenses and our ability to successfully launch products currently under development may have a material impact on our results of operations in a particular financial year. See "*Risk Factors—Risks Relating to Our Business—We are dependent on the success of our R&D and the failure to develop new or improved products or process improvements or production techniques could subject us to write-offs or otherwise adversely affect our business, financial condition and results of operations and have a negative impact on our competitive position*".

In the United States market, since we commenced operations through to June 30, 2018, we have made a total of 107 ANDA filings (of which 95 are for solid dosage formulations and 12 are for sterile injectables), 37 of which were pending for approval. Of the 107 ANDA filings made, we have received 70 approvals.

As at June 30, 2018, we have been granted patents for intellectual property in various countries for innovations, including 12 active patents granted relating to APIs in a number of different countries, four active patents granted relating to solid dosage formulations in a number of different countries, 81 active patents granted relating to radiopharmaceutical products in a number of different countries and one active patent granted relating to allergy therapy products in the United States.

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

Production Capacity and Utilization

Our results of operations are directly affected by our sales volume, which in turn is a function of several factors, including our production capacity and market demand. As such, a key driver of sales growth is increased production volume at our facilities. As at June 30, 2018, we operate six manufacturing facilities across India, the United States and Canada and a network of more than 50 radiopharmacies across 22 states in the United States. For more information relating to our historic capacity and utilization, see "*Business—Capacity and Utilization*". We will continue to seek opportunities to increase production volume by expanding and/or upgrading our production facilities, enhancing the overall effectiveness of our other facilities and the overall utilization of all our assets. This may include capital expenditures and investments for the following: expansion in capacity of lyophilization for our CMO business line, additions to the product portfolio and expanding capacities in our allergy therapy products business line and investment in solid dosage formulations and APIs in India to add new production capacities and/or products to the portfolio. See "*Business—Business Strategies*" and "*Business—Facilities and Offices*" for further information.

Pricing and Government Regulation

Although we consider competitive conditions, such as pricing of competing products in the markets in which we operate, in setting and revising the price of our products, government regulation also affect the pricing of our products in many of the countries in which we operate. Government policy in many other countries has emphasized, and large customers continue to seek, discounts on pharmaceutical products. Such pricing pressure has predominantly affected us in North America.

For example, our United States solid dosage formulations business sales have been adversely affected by the impact of supply chain consolidation in the United States where certain customers engage in group purchasing agreements to demand higher rebates for higher combined volume such as the partnership of Walgreens, Alliance Boots and Amerisource Bergen, as well as imposing substantial monetary penalties on suppliers for partial or delayed supply deliveries. Together with other industry suppliers, we have taken steps to amend or modify such contracts, as well as taken other steps to mitigate against exposure to such penalties arising in the future.

Governmental policies in countries outside the United States also impact the prices we set for our products sold in such countries, though only to a lesser extent. For example, in Canada, Health Canada monitors and controls prices of patented drug products marketed in Canada by persons holding, or licensed under, one or more patents. The existence of one or more patents relating to a drug product triggers a governmental price control regime that significantly affects the Canadian pharmaceutical industry's ability to set pricing. Furthermore, in each province of Canada there is a drug benefit formulary. A formulary lists the drugs for which a provincial government will reimburse qualifying persons and the prices at which the government will reimburse such persons. Provincial governments generally will reimburse the lowest available price of the generic equivalents of any drug listed on the formulary list of a province. Consequently, provincial formulary regimes tend to encourage the sale of lower-priced versions of pharmaceutical products. In the case of Japan, the government has the authority to set retail prices for prescription drugs, especially in the context of sales reimbursed by national health programs. In Europe, the governments of many emerging countries also have national health programs with similar price control systems. In Europe, drug prices have recently decreased due to measures implemented in countries to control drug costs, and drug prices continue to experience downward

pressure due to parallel imports, increased competition in generics, increasing use of health technology assessment based upon cost-effectiveness and other factors.

While the United States does not have a general national health insurance system, there has been increasing pricing pressure from managed care groups and institutional and governmental purchasers. The enactment of the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act in March 2010 has increased the amount of rebates paid by pharmaceutical companies and continues to have an effect on the prices of certain products, thus potentially adversely affecting the operating income of pharmaceutical companies, although these effects may be offset in part in the medium to long-term by the effects of an increase in individuals covered by healthcare programs, resulting in an increase in demand. The pharmaceutical industry has also experienced significant pricing pressures in certain other emerging markets.

We expect price pressure from government regulation and supply chain consolidation to continue and this may have a negative effect on our revenue and profitability.

The manufacturing process for pharmaceutical products is highly regulated. We have put in place necessary quality systems and control measures to ensure quality is maintained by process design. At the same time, continuous monitoring by our quality control team helps ensure we deliver high quality products. Notwithstanding these measures, regulators who believe manufacturing facilities are not in compliance with applicable regulations, may take one or more steps, which may include the issuance of a Warning Letter by the USFDA or an ordered shut down of manufacturing facilities. Accordingly, there is a possibility we may have to write off the costs of manufacturing any batch that fails to pass quality inspection or meet regulatory approvals.

Three out of six of our manufacturing facilities were most recently inspected by the USFDA in the financial year ended March 31, 2018. Of the remaining sites, the Salisbury Facility was inspected in April 2018, the CMO Montreal Facility was inspected in May 2018 and the Roorkee Facility was inspected in August 2018. Several of these recent inspections resulted in the issuance of Form-483 inspectional observations, including inspections of our Roorkee Facility, Nanjangud Facility and Spokane Facility as well as our CMO Montreal Facility. Our radiopharmacy in Kansas City was also inspected in June 2017, before we acquired it in September 2017, for which Form-483 inspectional observations were issued. As of the date of this document, we have not received the EIRs from the most recent inspections of the Salisbury Facility, the Roorkee Facility or the Kansas City radiopharmacy.

We work to address any inspectional observations in a timely manner to obtain the EIRs from these inspections, indicating formal closure of the inspections as of the date of the respective EIRs. In addition to inspections by the USFDA, in the financial year ended March 31, 2018, we were inspected by a number of regulatory agencies, including, Health Canada (CMO Montreal Facility and Nanjangud Facility), CDSCO in India (Roorkee Facility), ANVISA Brazil (Spokane Facility) and RP Darmstadt Germany (Roorkee Facility), and in the three months ended June 30, 2018, we were inspected by Health Canada (JDI Montreal Facility).

Patent Protection and Generics & APIs

Generics & APIs is a key business segment for us, and we expect that pricing pressures on patented drugs will continue to shift consumer demand to generics as prices decrease.

We believe that the impact of drug patent expiry can benefit us. In general, the expiry of patents benefits our business by creating opportunities to create new indications for existing drugs or develop slightly altered chemical combinations of existing drugs, although the expiry of patents may increase competitive pressure (see "*Risk Factors—Risks Relating to our Business—Our revenues and profits from generic pharmaceutical products typically decline as a result of pricing pressure*"). In addition, we believe patent expiries can directly benefit us by leading to overall sales volume growth in the market. However, the pricing of generics and APIs has been under pressure recently due to the declining prices of solid dosage formulations in the pharmaceuticals market brought about by the supply chain consolidation in the United States.

Legal protections and remedies for intellectual property are significant factors in determining the competitiveness of and demand for, as well as the prices of, our generics & APIs products. From time to time, we may also be involved in patent disputes, claims, or proceedings or in patent infringement suits brought by third parties. Unfavorable resolution of any such claims or proceedings could have a material adverse effect on our results of operations and/or cash flow in any given accounting period, or on our overall financial condition. For more information, see "*Risk Factors—Risks Relating to our Business—If we are unable to defend ourselves*

in challenges related to intellectual property rights, we could be subject to injunctions preventing us from selling our products, resulting in a decrease in revenues, or we could be subject to substantial liabilities that would lower our profits and adversely affect our financial condition" and "*Business—Legal Proceedings*".

Our Ability to Manage Cost of Materials Consumed

Cost of materials consumed consists of the cost of raw materials used in the manufacturing of our products. Our cost of materials consumed are generally impacted by production volumes, mix of products, the prices paid for raw materials, production efficiency and cost control measures adopted. Cost of materials consumed is a significant component of our total expenses comprising 22.5%, 22.7%, 25.8% and 29.5% of our revenue from operations (net) in the financial years ended March 31, 2016, 2017 and 2018 and the three months ended June 30, 2018, respectively. Cost of materials consumed increased between the financial years ended March 31, 2017 to March 31, 2018 due to the additional materials consumed by our newly acquired radiopharmacies.

The prices and availability of our raw materials may vary with market conditions and may be highly volatile. Where feasible or advantageous, we enter into multi-year contracts with volume commitments and prices which are linked to key input material prices. In certain business lines and with certain customers we are able to pass increased costs to buyers gradually overtime. However, there have been in the past, and may be in the future, periods during which we cannot pass raw material price increases on to customers due to competitive pressure. To the extent we cannot pass on some or all of any increases in the price of raw materials to our customers, any such increases could have a material adverse effect on revenue and results of operations. Even in periods during which raw material prices decrease, we may suffer decreasing operating profit margins if the prices of raw materials decrease more slowly than the selling prices of our products. See "*Risk Factors—Risks Relating to Our Business—If we cannot maintain our position as a low-cost manufacturer in our product lines, we may not be able to capture anticipated business opportunities or we may lose market share*".

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

Geographic Mix

The mix of countries in which our products are sold, has changed, and, we expect, will continue to change over time, which impact our profitability. As at June 30, 2018, our products are sold in over 85 countries either through a dedicated sales and marketing team or, in countries where we are less established, through third party distributors.

During the financial year ended March 31, 2018, revenue generated within North America accounted for 80.1% of our total consolidated revenue, compared to 70.6% during the financial year ended March 31, 2017. The increase in contribution of revenues from North America for financial year ended March 31, 2018 was attributable, in part, to the acquisition of our radiopharmacy business, effective as at September 1, 2017. We expect revenues and profitability in North America to continue to account for a significant portion of our future consolidated revenues as we continue to focus on a strong pipeline of products and develop differentiated products in our Specialty Pharmaceuticals business segment with an objective to cater to the regulated U.S. market and as we continue to upgrade and expand our radiopharmacies across North America.

The following table is a breakdown of our revenue from operations (net) by geographic region, including the percentage contribution by such regions to our total revenue from operations for the periods indicated.

	Financial Year Ended March 31						Three Months Ended June 30			
	2016		2017		2018		2017		2018	
	(US$ thousands)	(%)	(US$ thousands)	(%)	(US$ thousands)	(%)	(US$ thousands)	(%)	(US$ thousands)	(%)
North America	319,363.4	72.9	325,091.8	70.6	495,649.5	80.1	99,180.8	79.3	149,564.4	84.8
Europe	50,795.2	11.6	80,225.3	17.4	57,794.6	9.3	12,046.5	9.6	10,679.0	6.1
Asia	26,382.4	6.0	31,977.3	6.9	39,502.5	6.4	9,637.7	7.7	9,508.3	5.4
Rest of the world	41,568.0	9.5	23,277.7	5.1	26,219.0	4.2	4,268.3	3.4	6,720.5	3.8
Revenue from operations (net)	**438,108.9**	**100.0**	**460,572.1**	**100.0**	**619,165.6**	**100.0**	**125,133.3**	**100.0**	**176,472.2**	**100.0**

Our Ability to Effectively Compete with Other Market Participants

The pharmaceutical industry is highly competitive and is affected by new technologies, new developments, government regulations, healthcare legislation, availability of capital or financing and other factors. Many of our competitors have longer operating histories and substantially greater financial, research and development, marketing and other resources than us. We compete with numerous other companies that currently operate, or intend to operate, in the pharmaceutical industry, including companies that are engaged in the development, manufacturing and distribution of radiopharmaceutical, allergy therapy, generics & APIs products. We also compete with numerous companies that currently engage in the contract manufacturing of pharmaceutical products business.

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

In our Generics & APIs business segment, we compete with (i) the original manufacturers of the brand-name equivalents of products produced by our Generics & APIs business segment, (ii) other API and/or generic drug manufacturers (including brand-name companies that also manufacture APIs or generic drugs or license their products to other API and/or generic drug manufacturers) and (iii) manufacturers of new drugs that may compete with our generic drugs. In the recent past, the barriers to entry for new entrants to the generic and/or API industry have reduced, thus resulting in a larger competitive field. At the same time, the customer base for generic and/or API manufacturers has seen significant consolidation at the purchasing level, resulting in increased purchasing power for the customer. This dual effect of increased competition and increased purchasing power has resulted in a downward trend for prices for our Generics & APIs business segment products.

For more information on our competitors across business segments, see "*Business—Competition*" and *"Risk Factors—Risks Relating to Our Business—If we are unable to respond adequately to the increased competition that we may face in the future we will lose market share and our revenues or profits will go down"*.

Foreign Currency Exchange Rate Exposure

North America, where a majority of our customers are based, accounted for 80.1% and 84.8% of our total revenue from operations for the financial year ended March 31, 2018 and the three months ended June 30, 2018, respectively. See "*—Significant Factors Affecting our Results of Operations—Geographic Mix*". To a

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

We have in the past utilized certain hedging instruments, including forward contracts with respect to our exports and imports from and into India. However, due to market uncertainties, currently the Company has decided not to enter into any forward contracts for the time being and has not entered into such forward contracts after the financial year ended March 31, 2016. Currently, we also have not hedged our loans, and accordingly, we are exposed to the impact of fluctuations in foreign currency exchange rates. See "*Risk Factors—Risks Relating to Our Business—Because we have substantial international operations, our sales and profits may be adversely affected by currency fluctuations and restrictions as well as credit risks and appreciation or depreciation of other currencies against the U.S. dollar could affect the cost competitiveness of our international sales and reduce our overall profitability, increase the cost of our imports, borrowings and repayment of indebtedness and reduce our net income*".

Interest Rate Exposure

Changes in interest rates affect our interest expenses on floating rate debt instruments and loans and our interest income from cash and cash equivalents. We have in the past entered into floating to fixed interest rate swap agreements. However, due to market uncertainties, currently the Company has decided not to enter into any fixed interest rate swap agreement for the time being and has not entered into such forward contracts after the financial year ended March 31, 2016.

As at March 31, 2018 and June 30, 2018, 3.0% and 2.2% of our total indebtedness bore interest at floating rates, respectively.

Critical Accounting Policies

The consolidated financial statements of the Group have been prepared in conformity with IFRS and SFRS(I).

The preparation of these consolidated financial statements in conformity with IFRS and SFRS(I) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period.

Management believes that the estimates used in the preparation of the consolidated financial statements are reasonable. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any changes in estimates are adjusted prospectively in the consolidated financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Our critical accounting policies are described below. In this "*—Critical Accounting Policies*" section, all references to IFRS refer to IFRS and SFRS(I). See Note 2 of our consolidated financial statements as at and for the Years Ended March 31, 2016, 2017 and 2018 for a summary of all our significant accounting policies.

Basis of preparation

The Group's consolidated financial statements have been prepared in compliance with IFRS to reflect the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group. Such consolidated financial statements have been prepared under historical cost convention on accrual basis, unless otherwise stated.

Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and the entities controlled by the Company including its subsidiaries and partnerships. Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of an entity begins when the Group obtains control over that entity and ceases when the Group loses control over the entity. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the entity.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., financial year ended on March 31. When the end of the reporting period of the parent is different from that of a member of the Group, the member prepares, for consolidation purposes, additional financial information as at the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates, being the functional currency. The consolidated financial statements are presented in U.S. dollar.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the reporting date exchange rates are generally recognized in the consolidated statement of profit or loss and other comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets such as equity investments classified as fair value through other comprehensive income are recognized in other comprehensive income.

In the three months period ended June 30, 2018, the Group adopted IFRS interpretation IFRIC 22 "Foreign Currency Transactions and Advance Consideration" which clarifies reference dates of transactions for the purpose of determining the exchange rate to be used on initial recognition of related asset, expense or income when an entity has received or paid in advance consideration in a foreign currency. The adoption of this amendment does not have any material effect on our consolidated interim financial statements.

The results and financial position of foreign operations (as of the date of this document, none of which has the currency of a hyperinflationary economy that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Share capital and opening reserves and surplus are carried at historical cost.
- All assets and liabilities, both monetary and non-monetary, (excluding share capital, opening reserves and surplus) are translated using closing rates at reporting date.

- Profit and loss items are translated at the respective quarterly average rates or the exchange rate that approximates the actual exchange rate on date of specific transaction.

- Contingent liabilities are translated at the closing rates at the reporting date.

- All resulting exchange differences are recognized in "other comprehensive income".

When a foreign operation is sold, the associated cumulative exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

The items of consolidated cash flow statements are translated at the respective average rates or the exchange rate that approximates the actual exchange rate on date of specific transaction. The impact of changes in exchange rate on cash and cash equivalent held in foreign currency is included in effect of exchange rate changes.

Revenue recognition

On April 1, 2018, the Group adopted IFRS 15 "Revenue from Contracts with Customers" and utilized the cumulative catch-up transition method for contracts which were not completed as at April 1, 2018. In accordance with such method, the comparative figures for prior periods have not been retrospectively adjusted. There are no material effects on adoption of IFRS 15 on the consolidated interim financial statements.

Revenue from sale of products is recognized when the property in the goods, or all significant risks and rewards of ownership of the products have been transferred to the buyer, and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods as well as regarding its collection.

Revenues are shown net of tax collected from customers and remitted to government authorities such as sales tax, excise duty, value added tax etc. and applicable discounts and allowances including charge-backs, price equalization, expected sales return and bill backs etc.

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

Revenue includes only those sales for which the Group has acted as a principal in the transaction, takes title to the products, and has the risks and rewards of ownership, including the risk of loss for collection, delivery and returns. Any sales for which the Group has acted as an agent or broker without assuming the risks and rewards of ownership have been reported on a net basis.

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

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

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

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

- the delivered item(s) has value to the customer on a standalone basis;
- there is objective and reliable evidence of the fair value of the undelivered item(s); and
- if the arrangement includes a general right of return relative to the delivered item(s), delivery or performance of the undelivered item(s) is considered probable and substantially in the control of the Group.

If an arrangement contains more than one element, the arrangement consideration is allocated among separately identified elements based on relative fair values of each element or fair value of undelivered components (residual value method).

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

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

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

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

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

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

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

Inventories

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

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

Raw materials	Weighted average method
Stores and spares	Weighted average method
Work-in-progress and finished goods (manufactured)	Variable cost at weighted average including an appropriate share of variable and fixed production overheads. Fixed production overheads are included based on normal capacity of production facilities
Fuel, consumables, packing material etc.	Weighted average method
Finished goods (traded)	Weighted average method
Goods in transit	Cost of purchase

Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition inclusive of excise duty wherever applicable. Excise duty liability is included in the valuation of closing inventory of finished goods.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The net realizable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost, except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realizable value.

The comparison of cost and net realizable value is made on an item-by-item basis.

Property, plant and equipment and intangible assets

Property, plant and equipment

Freehold land is carried at cost. All other items of property, plant and equipment are stated at cost, which includes capitalized finance costs, less accumulated depreciation and any accumulated impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of an item of a property, plant and equipment comprises its purchase price including import duty, and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition of its intended use and estimated costs of dismantling and removing the item. Any trade discounts and rebates are deducted in arriving at the purchase price.

Expenditure incurred on startup and commissioning of the project and/or substantial expansion, including the expenditure incurred on trial runs (net of trial run receipts, if any) up to the date of commencement of commercial production are capitalized. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Advances paid towards acquisition of property, plant and equipment outstanding at each reporting date, are shown under other non-current assets and cost of assets not ready for intended use before the year end, are shown as capital work-in- progress.

Intangible assets

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the

goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

Intangible assets (including intangible assets under development) that are acquired and implementation of software system are measured initially at cost. Internally generated goodwill is not recognized as an asset. Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the consolidated statement of profit or loss and other comprehensive income as incurred. Development expenditure including regulatory cost and legal expenses leading to product registration/market authorization relating to the new and/or improved product and/or process development capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalized includes the cost of materials, direct labor, overhead costs that are directly attributable to preparing the asset for its intended use, and directly attributable finance costs (in the same manner as in the case of tangible fixed assets). Other development expenditure is recognized in the consolidated statement of profit or loss and other comprehensive Income as incurred.

After initial recognition, an intangible asset is carried at its cost less accumulated amortization and any accumulated impairment loss. Subsequent expenditure is capitalized only when it increases the future economic benefits from the specific asset to which it relates.

Depreciation and amortization methods, estimated useful lives and residual value

Property, plant and equipment are stated at cost less accumulated depreciation and amortization. The Group depreciates property, plant and equipment over the estimated useful life using the straight-line method. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited or charged to consolidated statement of profit and loss and other comprehensive income. Freehold land is not depreciated.

The estimated useful lives of assets are as follows:

Buildings factory and others	30-60 years
Plant and equipment	1-20 years
Office equipment	3-15 years
Furniture and fixtures	3-15 years
Vehicles owned	3-5 years
Vehicles under finance lease	Period of the lease

Leasehold improvements (included in furniture and fixtures) are depreciated over their estimated useful life, or the remaining period of lease from the date of capitalization, whichever is shorter.

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

The estimated useful lives of intangibles are as follows:

Product registration/market authorization	3-20 years
Acquired patents, trademarks / trade names and customer contracts	1-12 years
Software	5 years

Depreciation and amortization methods, useful lives and residual values are reviewed at the end of each reporting period by management and adjusted if appropriate.

Derecognition

Property, plant and equipment and intangible assets are derecognized on disposal or when no future economic benefits are expected from their use and disposal. Losses arising from retirement and gains or losses arising from disposal of a tangible asset are measured as the difference between the net disposal proceeds and

the carrying amount of the asset and are recognized in the consolidated statement of profit or loss and other comprehensive income.

Business Combination

Business combinations (other than business combinations between common control entities) are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the consideration transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange. The consideration transferred does not include amounts related to the settlement of pre-existing relationships, such amounts are generally recognized in the consolidated statement of profit or loss and other comprehensive income. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition. For each business combination, the group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share and the acquiree's identifiable net assets. Transaction costs incurred in connection with a business combination are expensed as incurred.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured subsequently and settlement is accounted with in the equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognized in consolidated statement of profit or loss and other comprehensive income.

The excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized in consolidated statement of profit and loss and other comprehensive income, provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognized at their carrying amounts. The identity of the reserves is preserved and they appear in the consolidated financial statements of the Group in the same form in which they appeared in the financial statements of the acquired entity. The differences, if any, between the consideration and the amount of share capital of the acquired entity is transferred to equity.

Income tax

Income tax expense comprises current and deferred tax. It is recognized in consolidated statement of profit or loss and other comprehensive income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received after considering uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

Employee benefits

Short-term employee benefits

All employee benefits falling due within twelve months of the end of the period in which the employees render the related services are classified as short-term employee benefits, which include benefits like salaries, wages, short-term compensated absences, performance incentives, etc. and are recognized as expenses in the period in which the employee renders the related service and measured accordingly.

Post-employment benefits

Post *employment benefit plans are classified into defined benefits plans and defined contribution plans as under:*

- Gratuity: The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. The liability in respect of Gratuity (applicable for Indian entities of the Group), is recognized in the books of accounts based on actuarial valuation by an independent actuary. The gratuity liability for certain employees of the Group is funded with Life Insurance Corporation of India.

- Provident fund: JGL makes contribution to a recognized provident fund, VAM Employees Provident Fund Trust, a multiemployer trust, for most of its employees in India, which is a defined benefit plan to the extent that the Group has an obligation to make good the shortfall, if any, between the return from the investments of such trust and the notified interest rate. The Group's obligation in this regard is determined by an independent actuary and provided for if the circumstances indicate that the Trust may not be able to generate adequate returns to cover the interest rates notified by the Indian Government. For other employees in India, provident fund is deposited with the Employee's Provident Fund Organization and such deposit is treated as defined contribution plan. The Group's contribution to the provident fund is charged to consolidated statement of profit or loss and other comprehensive income. The Group also makes contribution to various social security plans and insurance schemes as per local requirements as applicable and generally accepted practices in their respective country of incorporation. Such contributions are recorded under consolidated statement of profit or loss and other comprehensive income on accrual basis in the year in which liability to pay arise.

Other long-term employee benefits

- Compensated absences: As per the Group's policy, eligible leaves can be accumulated by the employees and carried forward to future periods to either be utilized during the service, or encashed. Encashment can be made during service, on early retirement, on withdrawal of scheme, at resignation and upon death of the employee. Accumulated compensated absences are treated as other long-term employee benefits.

- Termination benefits: Termination benefits are recognized as an expense when, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Actuarial valuation

The liability in respect of all defined benefit plans and other long-term employee benefits is accrued in the consolidated books of account on the basis of actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on government securities as at the Reporting date, having maturity periods approximating to the terms of related obligations.

Remeasurement gains and losses on other long-term employee benefits are recognized in the consolidated statement of profit and loss in the year in which they arise. Remeasurement gains and losses in respect of all defined benefit plans arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in Remeasurements of defined benefit obligations in the Consolidated Statement of Changes in Equity and in the Consolidated Statement of Financial Position. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost. Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs. Any differential between the plan assets (for a funded defined benefit plan) and the defined benefit obligation as per actuarial valuation is recognized as a liability if it is a deficit or as an asset if it is a surplus (to the extent of the lower of present value of any economic benefits available in the form of refunds from the plan or reduction in future contribution to the plan).

Past service cost is recognized as an expense in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to, a defined benefit plan, the past service cost is recognized immediately in the consolidated statement of profit or loss and other comprehensive income. Past service cost may be either positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).

Measurement of fair values

A number of the accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values used in preparing these consolidated financial statements is included in the respective notes.

Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The Group's other non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units ("**CGUs**"). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of a CGU is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment loss recognized in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognized in prior periods, the Group reviews at reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Contingencies

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

Principal Components of Statements of Comprehensive Income

Business Segments

For our financial reporting, we classify our business activities into two segments, namely (i) Specialty Pharmaceuticals (consisting of radiopharmaceuticals, CMO and allergy therapy products) and (ii) Generics & APIs (consisting of solid dosage formulations and APIs).

The following table shows a calculation of profit for the year/ period from the business segments for the periods presented.

	Financial Year Ended March 31			Three Months Ended June 30	
	2016	2017	2018	2017	2018
	(US$ thousands)				
Results					
Specialty Pharmaceuticals	67,036.1	85,957.4	110,670.0	31,001.1	37,505.0
Generics & APIs	32,981.6	30,526.2	(2,603.9)	3,658.0	6,860.4
Segment total	100,017.8	116,483.6	108,066.2	34,659.2	44,365.4
Un-allocated corporate expenses (net of un-allocated income)	(6,423.0)	(8,660.5)	(12,332.9)	(2,283.8)	(3,370.1)
Finance income	72.6	2,125.3	4,606.8	1,167.0	1,127.6
Finance costs	(23,164.4)	(36,740.4)	(27,488.5)	(6,341.2)	(7,333.8)
Profit before tax	70,503.0	73,207.9	72,851.6	27,201.2	34,789.1
Income tax expense	(21,432.9)	(22,948.0)	(23,734.7)	(9,047.1)	(11,019.3)
Profit for the year/ period	**49,070.2**	**50,260.0**	**49,116.9**	**18,154.1**	**23,769.7**

Revenue from Operations (net)

Revenue from operations (net) consists of the revenue from the sale of pharmaceuticals goods and services by the Group as well as certain other operating revenues. The following table shows the breakdown of our revenue from operations (net).

	Financial Year Ended March 31			Three Months Ended June 30	
	2016	2017	2018	2017	2018
	(US$ thousands)				
Sale of products (net of excise duty)	346,197.6	363,418.7	511,042.1	101,832.7	151,973.4
Sale of services	83,805.0	89,582.7	100,768.8	21,979.0	21,704.2
Other operating revenue[(1)]	8,106.3	7,570.8	7,354.7	1,321.6	2,794.6
	438,108.9	460,572.1	619,165.6	125,133.3	176,472.2

Note:

(1) Includes government grant recognized of US$3.2 million, US$5.6 million, US$4.0 million, US$1.1 million and US$1.0 million in the financial years ended March 31, 2016, 2017 and 2018 and the three months ended June 30, 2017 and 2018.

Sale of products represents revenue from the sales of our pharmaceutical products, namely radiopharmaceuticals, CMO, allergy therapy, solid dosage formulations and API products. Sale of services represents revenue from our CMO business line. Other operating revenue represents, among others, export incentives received on export of goods and services from India, insurance proceeds received for any loss of profit claims from our business interruption policy coverage, sales of scrap materials and delivery charges.

Cost of Materials Consumed

Cost of materials consumed represents the price we paid for the raw materials used in the manufacturing of our products.

Changes of Inventories of Finished Goods, Stock-in-trade and Work-in-progress

Changes of inventories of finished goods, stock-in-trade and work-in-progress represents the net increases or decreases of such items.

Employee Benefits Expense

Employee benefits expense comprises salaries, bonus and wages paid to our employees, our contribution to employee's provident fund, superannuation and other funds, share-based payment expense and staff welfare expenses. The following table shows the breakdown of our employee benefits expense.

	Financial Year Ended March 31			Three Months Ended June 30	
	2016	2017	2018	2017	2018
	(US$ thousands)				
Salaries, wages, bonus, gratuity and allowances	102,538.2	109,542.2	149,746.7	28,417.0	43,674.8
Contribution to provident fund, superannuation and other funds	9,464.3	9,986.4	11,550.1	2,580.1	3,229.2
Share-based payment expense	29.6	7.4	—	—	—
Staff welfare expenses	10,961.7	12,051.2	18,627.2	3,346.0	5,772.6
Total employee benefit expense	**122,993.9**	**131,587.1**	**179,923.9**	**34,343.1**	**52,676.6**

Depreciation, Amortization and Impairment

Depreciation, amortization and impairment represents depreciation of property, plant and equipment, furniture, fixtures and buildings and the amortization and impairment of intangible assets (including intangible assets under development).

Other Expenses

Other expenses primarily comprise those expenses incurred in the operation of our businesses. The following table shows the breakdown of our other expenses for the periods specified.

	Financial Year Ended March 31			Three Months Ended June 30	
	2016	2017	2018	2017	2018
	(US$ thousands)				
Consumption of stores and spares and packing materials	18,847.9	16,041.3	19,280.8	4,664.6	4,713.6
Processing charges	1,020.2	659.4	1,459.5	92.3	89.7
Excise duty related to increase/(decrease) in inventory of finished goods	(28.9)	5.8	470.1	(62.4)	—
Repairs and maintenance					
Plant and machinery	6,402.4	5,505.9	6,235.8	1,272.6	1,815.5
Buildings	3,623.9	3,001.5	3,893.2	794.6	829.7
Others	1,551.8	1,750.1	2,818.6	672.2	545.8
Office expenses	1,425.1	1,202.9	1,475.0	298.4	384.8
Communication charges	1,274.4	1,169.5	2,495.5	328.7	859.1
Power and fuel	11,198.9	10,897.1	14,127.3	3,354.0	3,921.0
Rental expense	2,193.2	1,835.8	4,722.7	465.5	1,676.3
Rates and taxes	3,757.8	5,455.5	6,999.0	1,386.7	2,176.8
Legal and professional fees[(1)]	14,625.1	14,216.2	20,308.7	3,690.9	5,463.2
Travel and conveyance	3,871.1	3,705.1	5,299.3	1,030.4	1,546.8
Vehicle running and maintenance	241.7	234.9	262.9	60.4	49.1
Advertisement, publicity and sales promotion	2,546.5	3,212.4	2,907.7	804.9	629.6
Insurance expense	1,775.0	1,625.0	1,906.9	394.6	540.8
Discounts, claims to customer and other selling expenses	474.0	7,192.5	5,259.7	1,041.5	668.2

Commission on sales	1,010.7	958.1	3,915.3	256.4	1,580.8
Loss on sale/disposal/discard of property, plant and equipment (net)	1,417.8	99.6	121.6	—	15.7
Foreign exchange loss, net	—	595.6	911.3	1,168.7	—
Provision for loss allowance on trade receivables (net)	278.3	205.4	346.3	—	—
Staff recruitment and training	1,756.7	1,831.1	1,794.9	448.1	332.6
Freight and forwarding	3,653.8	3,545.2	7,458.7	1,245.2	2,124.2
Bank charges	539.4	838.6	2,320.9	256.0	809.9
Miscellaneous expenses	1,783.5	2,358.5	3,876.2	445.4	1,201.7
Total other expenses	**85,240.1**	**88,142.9**	**120,667.9**	**24,109.8**	**31,974.9**

_____

Note:

(1) Includes certain payments to the Group's independent auditors and reporting accountants as discussed in note 23 of our consolidated financial statements as at and for the Years Ended March 31, 2016, 2017 and 2018.

Finance Income

Finance income primarily represents interest payments received from the loans we provided to our related parties and interest earned on cash held at banks. The following table shows the breakdown of our finance income for the periods indicated.

	Financial Year Ended March 31			Three Months Ended June 30	
	2016	**2017**	**2018**	**2017**	**2018**
	(US$ thousands)				
Finance income from:					
Loan to related parties	—	1,881.0	4,295.1	1,071.5	1,029.0
Others	72.6	244.3	311.7	95.5	98.6
Total finance income	**72.6**	**2,125.3**	**4,606.8**	**1,167.0**	**1,127.6**

Finance Cost

Finance cost primarily represents interest and ancillary costs incurred in relation to borrowings by the Group during each reported period. The following table shows the breakdown of our finance cost during the periods indicated.

	Financial Year Ended March 31			Three Months Ended June 30	
	2016	**2017**	**2018**	**2017**	**2018**
	(US$ thousands)				
Interest expense	20,266.5	32,505.1	25,305.2	6,032.4	7,066.3
Other finance costs	2,009.6	4,134.9	2,183.4	308.8	267.5
Exchange differences to the extent considered as an adjustment to finance cost	888.3	100.4	—	—	—
Total finance costs	**23,164.4**	**36,740.4**	**27,488.5**	**6,341.1**	**7,333.8**

Income Tax Expenses

Income tax expenses primarily comprise the payments of corporate income tax on profits from our operations and provision for deferred corporate income tax on our profits, offset by any eligible tax credits. The following table shows the major components of our income tax expenses for the periods indicated.

	Financial Year Ended March 31			Three Months Ended June 30	
	2016	2017	2018	2017	2018
	(US$ thousands)				
Income tax expense					
Current tax					
Current tax on profits for the year/ period	21,072.7	28,343.5	32,264.8	7,729.7	9,456.3
Adjustment for current income tax of previous years	—	547,0	213.0	—	—
Total current tax expense	21,072.7	28,890.5	32,477.8	7,729.7	9,456.3
MAT credit					
MAT credit on profits for the year/ period	—	(7,336.9)	(1,764.0)	(1,385.9)	(1,440.6)
Adjustment in respect of MAT credit of previous years	—	(710.3)	(12.7)	—	—
Total MAT credit tax benefit	—	(8,047.2)	(1,776.7)	(1,385.9)	(1,440.6)
Deferred tax					
Origination and reversal of temporary differences	(1,338.3)	2,104.7	(5,647.1)	2,703.3	3,003.6
Adjustment in respect of deferred tax of previous years/ periods[(1)]	1,698.5	—	(1,319.4)	—	—
Total deferred tax (benefit)/expense	360.2	2,104.7	(6,966.4)	2,703.3	3,003.6
Income tax expense	**21,432.9**	**22,947.9**	**23,734.7**	**9,047.1**	**11,019.3**

Note:

(1) Following a significant improvement in trading and service sector conditions of the pharmaceutical business in Belgium, we reviewed previously unrecognized tax losses and determined that it was now probable that taxable profits will be available against which the tax losses can be utilized. As a consequence, a deferred tax asset of US$1.3 million has been recognized as at March 31, 2018.

Exchange Differences on Translation of Foreign Operations

Exchange differences on translation of foreign operations represents gains or losses on the translation of financial statements of our foreign operations into U.S. dollars from their respective functional currencies for the purpose of consolidation in our Group's financial statements.

Results of Operations

The following is a discussion of our results of operations.

Three Months ended June 30, 2018 Compared with Three Months ended June 30, 2017

Revenue from operations (net). Revenue from operations (net) increased by US$51.4 million, or 41.0%, to US$176.5 million in the three months ended June 30, 2018 from US$125.1 million in the three months ended June 30, 2017, is primarily attributable to additional revenue from radiopharmaceutical products and services of the commercial radiopharmacy business in the United States acquired from Triad and, to a lesser extent, better market conditions in the United States for certain products in the Generics & APIs business segment.

Revenue from North America contributed 84.8% to total revenue from operations (net) in the three months ended June 30, 2018 compared to 79.3% in the three months ended June 30, 2017. Revenue from Europe contributed 6.1% while revenue from Asia and the rest of the world contributed 9.2% to total revenue from operations (net) in the three months ended June 30, 2018, compared to 9.6% and 11.1%, respectively, in the three months ended June 30, 2017.

Specialty Pharmaceuticals business segment. The Specialty Pharmaceuticals business segment accounted for 69.1% of our total revenue from operations (net) in the three months ended June 30, 2018 compared to 58.1% in the three months ended June 30, 2017. Revenues from this business segment increased by US$49.2 million, or 67.6%, to US$122.0 million for the three months ended June 30, 2018 from US$72.8 million in the three months ended June 30, 2017. The Specialty Pharmaceuticals business segment revenue increased primarily due to the following:

- a 124.2% increase in revenue from radiopharmaceuticals to US$88.4 million for the three months ended June 30, 2018 from US$39.4 million for the three months ended June 30, 2017, primarily due to additional revenue from our radiopharmacy business acquired from Triad; while

- revenue from our CMO and allergy therapy products business lines remained relatively constant, at US$21.8 million and US$11.5 million, respectively, in the three months ended June 30, 2017 compared to US$22.4 million and US$11.2 million, respectively, in the three months ended June 30, 2018.

Generics & APIs business segment. The Generics & APIs business segment accounted for 30.9% of our total revenue from operations (net) in the three months ended June 30, 2018 compared to 41.9% in the three months ended June 30, 2017. Revenues from this business segment increased by US$2.1 million, or 4.1%, to US$54.5 million in the three months ended June 30, 2018 from US$52.4 million for in three months ended June 30, 2017. The Generics & APIs business segment revenue increased primarily as a result of the following:

- a 23.8% increase in revenue from solid dosage formulations to US$35.8 million for the three months ended June 30, 2018 from US$28.9 million for the three months ended June 30, 2017, driven by improved market conditions for certain products in the United States along with higher sales volume of Enrofloxacin; and

- partially offset by a 20.2% decrease in revenue from APIs to US$18.7 million for the three months ended June 30, 2018, from US$23.4 million for the three months ended June 30, 2017, largely due to a decrease in revenues in some of our products such as Oxcarbazepine, Tramadol and Pinaverium Bromide due to market conditions.

Total income. For the reasons discussed above, total income increased by US$53.5 million, or 42.6%, to US$179.0 million in the three months ended June 30, 2018 from US$125.5 million in the three months ended June 30, 2017.

Cost of materials consumed. Cost of materials consumed increased by US$22.6 million, or 77.1%, to US$52.0 million in the three months ended June 30, 2018 from US$29.4 million in the three months ended June 30, 2017, primarily due to additional raw materials used in relation to our newly acquired radiopharmacy business.

Changes in inventories of finished goods, stock-in-trade and work-in progress. Changes in inventories of finished goods, stock-in-trade and work-in progress increased by US$7.6 million, or 183.3%, to US$11.8 million in the three months ended June 30, 2018 from US$4.2 million in the three months ended June 30, 2017, primarily due to higher production output of our Spokane Facility for our CMO business line.

Employee benefits expense. Employee benefits expense increased by US$18.4 million, or 53.4%, to US$52.7 million in the three months ended June 30, 2018 from US$34.3 million in the three months ended June 30, 2017, primarily due to additional employee benefit costs related to our newly acquired radiopharmacy business and annual salary raises.

Depreciation, amortization and impairment. Depreciation, amortization and impairment increased by US$1.9 million, or 23.0%, to US$9.9 million in the three months ended June 30, 2018 from US$8.0 million in the three months ended June 30, 2017, primarily due to additional depreciation in relation to our newly acquired radiopharmacy business and amortization of our newly launched product DraxImage® Exametazime. Depreciation, amortization and impairment for our Specialty Pharmaceuticals business segment increased by US$1.8 million, or 50.6%, to US$5.3 million in the three months ended June 30, 2018 from US$3.5 million in the three months ended June 30, 2017. Depreciation, amortization and impairment for our Generics & APIs business segment remained constant at US$4.5 million in the three months ended June 30, 2018 and 2017.

Other expenses. Other expenses increased by US$7.9 million, or 32.6%, to US$32.0 million in the three months ended June 30, 2018 from US$24.1 million in the three months ended June 30, 2017 due to increased expenses in relation to our newly acquired radiopharmacy business.

Result from operating activities. For the reasons discussed above, result from operating activities increased by 26.6% to US$41.0 million in the three months ended June 30, 2018 from US$32.4 million for the three months ended June 30, 2017. Result from operating activities for our Specialty Pharmaceuticals business segment (excluding un-allocated corporate expenses) increased by US$6.5 million, or 21.0%, to US$37.5 million in the three months ended June 30, 2018 from US$31.0 million in the three months ended June 30, 2017. Result from operating activities for our Generics & APIs business segment (excluding un-allocated corporate expenses) increased by US$3.2 million, or 87.5%, to US$6.9 million in the three months ended June 30, 2018 from US$3.7 million in the three months ended June 30, 2017.

Finance income. Finance income remained relatively constant in the three months ended June 30, 2018 from the three months ended June 30, 2017.

Finance costs. Finance costs increased by US$1.0 million, or 15.7%, to US$7.3 million in the three months ended June 30, 2018 from US$6.3 million in the three months ended June 30, 2017, primarily due to additional premium charge on convertible instrument to IFC.

Profit before tax. For the reasons discussed above, profit before tax increased by 27.9% to US$34.8 million in the three months ended June 30, 2018 from US$27.2 million in the three months ended June 30, 2017.

Income tax expense. Income tax expense increased by US$2.0 million, or 21.8%, to US$11.0 million in the three months ended June 30, 2018 from US$9.0 million in the three months ended June 30, 2017, primarily due to an increase in taxable income from our operations in the United States and Canada.

Profit for the period. For the reasons discussed above, profit for the period increased by US$5.6 million, or 30.9%, to US$23.8 million in the three months ended June 30, 2018 from US$18.2 million in the three months ended June 30, 2017.

Exchange differences on translation of foreign operations. Exchange differences on translation of foreign operations decreased by US$28.1 million, or 370.2%, to negative US$20.5 million in the three months ended June 30, 2018 from US$7.6 million in the three months ended June 30, 2017, primarily due to changes in the average and closing exchange rates between functional currencies of foreign operations and U.S. dollars for the period.

Total comprehensive income for the period. For the reasons discussed above, total comprehensive income for the period decreased by 87.1% to US$3.3 million in the three months ended June 30, 2018 from US$25.7 million in the three months ended June 30, 2017.

Financial Year Ended March 31, 2018 Compared with Financial Year Ended March 31, 2017

Revenue from operations (net). Revenue from operations (net) increased by US$158.6 million, or 34.4%, to US$619.2 million in the financial year ended March 31, 2018 from US$460.6 million in the financial year ended March 31, 2017, attributable primarily to an increase in revenue from the Specialty Pharmaceuticals business segment, led by our acquisition of the radiopharmacy business from Triad, which was partially offset by reduction in revenues from Generics & APIs business segment.

Revenue from North America contributed 80.1% to total revenue from operations (net) in the financial year ended March 31, 2018 compared to 70.6% in the financial year ended March 31, 2017. Revenue from Europe contributed 9.3% while revenue from Asia and the rest of the world contributed 10.6% to total revenue from operations (net) in the financial year ended March 31, 2018, compared to 17.4% and 12.0%, respectively, in the financial year ended March 31, 2017. The increase in the contribution of revenue generated in North America was largely attributable to the acquisition of the radiopharmacy business in the United States.

Specialty Pharmaceuticals business segment. The Specialty Pharmaceuticals business segment accounted for 66.1% of our total revenue from operations (net) in the financial year ended March 31, 2018 compared to 53.6% in the financial year ended March 31, 2017. Revenues from this business segment increased by US$162.8 million, or 66.0%, to US$409.5 million in the financial year ended March 31, 2018 from

US$246.7 million in the financial year ended March 31, 2017. The Specialty Pharmaceuticals business segment revenue increased primarily due to the following:

- a 118.0%, or US$143.5 million, increase in revenue from radiopharmaceuticals business line to US$265.1 million in the financial year ended March 31, 2018 from US$121.6 million in the financial year ended March 31, 2017, primarily due to a contribution from seven months of revenue of US$118.9 million from the sales of radiopharmaceutical products and services of the commercial radiopharmacy business acquired from Triad and, to a lesser extent, due to higher sales of MAA, MDP and DTPA, driven by the full year impact of certain customer contracts which became effective from January 1, 2017;

- a 13.7%, or US$12.2 million, increase in revenue from the CMO business line to US$100.9 million in the financial year ended March 31, 2018 from US$88.7 million in the financial year ended March 31, 2017, primarily driven by an increase in revenues from the Spokane Facility due to a higher sales volume to certain existing customers following the implementation of certain efficiency measures on capacity management; and

- a 19.9%, or US$7.2 million, increase in revenue from the allergy therapy products business line to US$43.6 million in the financial year ended March 31, 2018 from US$36.4 million in the financial year ended March 31, 2017, primarily due to an increase in prices, in line with market rates, effected during the financial year ended March 31, 2018.

Generics & APIs business segment. The Generics & APIs business segment accounted for 33.9% of our total revenue from operations (net) in the financial year ended March 31, 2018 compared to 46.4% in the financial year ended March 31, 2017. Revenues from this business segment decreased by US$4.3 million, or 2.0%, to US$209.6 million in the financial year ended March 31, 2018 from US$213.9 million in the financial year ended March 31, 2017. The Generics & APIs business segment revenue decreased primarily as a result of the following:

- revenue from solid dosage formulations remained relatively constant, at US$123.5 million in the financial year ended March 31, 2018, compared to US$122.0 million in the financial year ended March 31, 2017 primarily as a result of an increase in revenue from within the United States, offset by lower sales from outside the United States; while

- a 6.3% decrease, or US$5.8 million in revenue from APIs to US$86.1 million in the financial year ended March 31, 2018, from US$91.9 million in the financial year ended March 31, 2017, largely as a result of a decrease in sales prices in some of our products such as Oxcarbazepine, Azithromycin, Valsartan and Carbamazepine due to market dynamics, which was partially offset by higher sales volume of certain products.

Total income. For the reasons discussed above, total income increased by US$159.6 million, or 34.6%, to US$620.8 million in the financial year ended March 31, 2018 from US$461.2 million in the financial year ended March 31, 2017.

Cost of materials consumed. Cost of materials consumed increased by US$55.3 million, or 52.8%, to US$159.9 million in the financial year ended March 31, 2018 from US$104.6 million in the financial year ended March 31, 2017, primarily due to additional raw materials consumed in our newly acquired radiopharmacy business and higher production output to meet increases in sales from our CMO business line.

Changes in inventories of finished goods, stock-in-trade and work-in progress. Changes in inventories of finished goods, stock-in-trade and work-in progress decreased by US$8.2 million, or 78.6%, to US$2.2 million in the financial year ended March 31, 2018 from US$10.4 million in the financial year ended March 31, 2017, primarily due to an overall decrease in finished goods and work-in-progress inventory across all the businesses.

Employee benefits expense. Employee benefits expense increased by US$48.3 million, or 36.7%, to US$179.9 million in the financial year ended March 31, 2018 from US$131.6 million in the financial year ended March 31, 2017, primarily due to a 36.7% increase in payments of salaries, wages, bonus, gratuity and allowances to our employees to US$149.7 from US$109.5 million and a 54.6% increase in payments of staff

welfare expenses to our employees to US$18.6 from US$12.1 million, primarily as a result of the additional employee headcount for our acquisition of our radiopharmacy business from Triad and expansion in hiring to accommodate higher production output driven by our higher sales volume, along with annual salary increases.

Depreciation, amortization and impairment. Depreciation, amortization and impairment increased by US$24.6 million, or 79.2%, to US$55.7 million in the financial year ended March 31, 2018 from US$31.1 million in the financial year ended March 31, 2017, primarily attributable to product development expenses due to rationalization of our product portfolio to reflect the prevailing market conditions, in particular in the United States, and additional depreciation in relation to our newly acquired radiopharmacy business. Depreciation, amortization and impairment for our Specialty Pharmaceuticals business segment increased by US$12.6 million, or 85.8%, to US$27.2 million in the financial year ended March 31, 2018 from US$14.6 million in the financial year ended March 31, 2017. Depreciation, amortization and impairment for our Generics & APIs business segment increased by US$12.1 million, or 73.6%, to US$28.5 million in the financial year ended March 31, 2018 from US$16.4 million in the financial year ended March 31, 2017.

Other expenses. Other expenses increased by US$32.6 million, or 36.9%, to US$120.7 million in the financial year ended March 31, 2018 from US$88.1 million in the financial year ended March 31, 2017 primarily due to increases in legal and professional fees, freight and forwarding, consumption of stores and spares and packing materials and fuel and power consumption, as well as commission on sales and an increase in rental expense, all of which are in line with an increase in our production output to meet our higher sales volume, as well as costs incurred in relation to our new radiopharmacies. These increases were partially offset by decreases in discounts, claims to customer and other selling expenses.

Result from operating activities. For the reasons discussed above, result from operating activities decreased by 11.2% to US$95.7 million in the financial year ended March 31, 2018 from US$107.8 million in the financial year ended March 31, 2017. Result from operating activities for our Specialty Pharmaceuticals business segment (excluding un-allocated corporate expenses) increased by US$24.7 million, or 28.7%, to US$110.7 million in the financial year ended March 31, 2018 from US$86.0 million in the financial year ended March 31, 2017 Result from operating activities for our Generics & APIs business segment (excluding un-allocated corporate expenses) decreased to a loss of US$2.6 million in the financial year ended March 31, 2018 from a gain of US$30.5 million in the financial year ended March 31, 2017.

Finance income. Finance income increased by US$2.5 million, or 116.8%, to US$4.6 million in the financial year ended March 31, 2018 from US$2.1 million in the financial year ended March 31, 2017, primarily due to an increase in interest income from loans to related parties to US$4.3 million in the financial year ended March 31, 2018 from US$1.9 million in the financial year ended March 31, 2017.

Finance costs. Finance costs decreased by US$9.2 million, or 25.2%, to US$27.5 million in the financial year ended March 31, 2018 from US$36.7 million in the financial year ended March 31, 2017, primarily due to a 22.2% decrease in interest expense to US$25.3 million from US$32.5 million, in line with a net reduction in our outstanding balances of loans and borrowings and certain costs incurred in replacement of higher interest loans with our Senior Notes.

Profit before tax. For the reasons discussed above, profit before tax remained relatively constant at US$72.9 million in the financial year ended March 31, 2018 compared to US$73.2 million in the financial year ended March 31, 2017.

Income tax expense. Income tax expense increased by US$0.8 million, or 3.4%, to US$23.7 million in the financial year ended March 31, 2018 from US$22.9 million in the financial year ended March 31, 2017, primarily due to an increase in taxable income from our operations in Canada.

Profit for the year. For the reasons discussed above, profit for the year decreased by US$1.2 million, or 2.3%, to US$49.1 million in the financial year ended March 31, 2018 from US$50.3 million in the financial year ended March 31, 2017.

Exchange differences on translation of foreign operations. Exchange differences on translation of foreign operations increased by US$4.2 million, or 153.5%, to US$6.9 million in the financial year ended March 31, 2018 from US$2.7 million in the financial year ended March 31, 2017, primarily due to changes in the average and closing exchange rates between functional currencies of foreign operations and U.S. dollars for the period.

Total comprehensive income for the year. For the reasons discussed above, Total comprehensive income for the year increased by 5.9% to US$55.9 million in the financial year ended March 31, 2018 from US$52.8 million in the financial year ended March 31, 2017.

Financial Year Ended March 31, 2017 Compared with Financial Year Ended March 31, 2016

Revenue from operations (net). Revenue from operations (net) increased by US$22.5 million, or 5.1%, to US$460.6 million in the financial year ended March 31, 2017 from US$438.1 million in the financial year ended March 31, 2016, primarily attributable to an increase in revenue from the Specialty Pharmaceuticals business segment, in particular from our radiopharmaceutical and allergy therapy business lines.

Revenue from North America contributed 70.6% to total revenue from operations (net) in the financial year ended March 31, 2017 compared to 72.9% in the financial year ended March 31, 2016. Revenue from Europe contributed 17.4% while revenue from Asia and the rest of the world contributed 12.0% to total revenue from operations (net) in the financial year ended March 31, 2017, compared to 11.6% and 15.5%, respectively, in the financial year ended March 31, 2016.

Specialty Pharmaceuticals business segment. The Specialty Pharmaceuticals business segment accounted for 53.6% of our total revenue from operations (net) in the financial year ended March 31, 2017 compared to 51.8% in the financial year ended March 31, 2016. Revenues from this business segment increased by US$19.8 million, or 8.7%, to US$246.7 million in the financial year ended March 31, 2017 from US$226.9 million in the financial year ended March 31, 2016. The Specialty Pharmaceuticals business segment revenue increased primarily due to the following:

- a 11.9%, or US$12.9 million, increase in revenue from our radiopharmaceuticals business line to US$121.6 million in the financial year ended March 31, 2017 from US$108.7 million in the financial year ended March 31, 2016, primarily due to higher sales of MAA, MDP and DTPA, driven by impact of certain customer contracts which became effective during the last quarter of the financial year ended March 31, 2017;

- revenue from our CMO business line remained relatively constant, at US$88.7 million in the financial year ended March 31, 2017, compared to US$85.8 million in the financial year ended March 31, 2016; and

- a 12.0%, or US$4.0 million, increase in revenue from the allergy therapy products business line to US$36.4 million in the financial year ended March 31, 2017 from US$32.4 million in the financial year ended March 31, 2016, primarily due to an increase in sales of our venom products, driven by both increase in prices, in line with market rates, and increase in volume.

Generics & APIs business segment. The Generics & APIs business segment accounted for 46.4% of our total revenue from operations (net) in the financial year ended March 31, 2017 compared to 48.2% in the financial year ended March 31, 2016. Revenues from this business segment increased slightly by US$2.7 million, or 1.3%, to US$213.9 million in the financial year ended March 31, 2017 from US$211.2 million in the financial year ended March 31, 2016. The Generics & APIs business segment revenue increased slightly primarily as a result of the following:

- revenue from solid dosage formulations remained relatively constant, at US$122.0 million in the financial year ended March 31, 2017, compared to US$124.5 million in the financial year ended March 31, 2016 as a reduction in revenue from sales within the United States was largely offset by an increase in revenue from sales outside the United States; while

- a 6.0%, or US$5.2 million, increase in revenue from APIs to US$91.9 million in the financial year ended March 31, 2017, from US$86.7 million in the financial year ended March 31, 2016, largely due to an increase in sales volume in some of our key products such as Oxcarbazepine and Donepezil, which was partially offset by a decrease in average realized prices.

Total income. For the reasons discussed above, total income increased by US$22.1 million, or 5.0%, to US$461.2 million in the financial year ended March 31, 2017 from US$439.1 million in the financial year ended March 31, 2016.

Cost of materials consumed. Cost of materials consumed increased by US$5.8 million, or 5.9%, to US$104.6 million in the financial year ended March 31, 2017 from US$98.8 million in the financial year ended March 31, 2016, primarily due to higher production output to meet increases in sales volumes from our radiopharmaceutical and allergy therapy products business lines.

Changes in inventories of finished goods, stock-in-trade and work-in progress. Changes in inventories of finished goods, stock-in-trade and work-in progress increased by US$3.7 million, or 56.5%, to US$10.4 million in the financial year ended March 31, 2017 from US$6.7 million in the financial year ended March 31, 2016, primarily due to an overall increase in finished goods and work-in-progress inventory across all our businesses.

Employee benefits expense. Employee benefits expense increased by US$8.6 million, or 7.0%, to US$131.6 million in the financial year ended March 31, 2017 from US$123.0 million in the financial year ended March 31, 2016, primarily due to a 6.8% increase in payments of salaries, wages, bonus, gratuity and allowances to our employees to US$109.5 from US$102.5 million and a 10.0% increase in payments of staff welfare expenses to our employees to US$12.1 from US$11.0 million, primarily as a result of the expansion in hiring to accommodate higher production output driven by our higher sales volume along with annual salary increases.

Depreciation, amortization and impairment. Depreciation, amortization and impairment decreased by US$8.8 million, or 22.0%, to US$31.1 million in the financial year ended March 31, 2017 from US$39.9 million in the financial year ended March 31, 2016, primarily attributable to product development expenses due to rationalization of our product portfolio to reflect the prevailing market conditions, in particular in the United States, during the financial year ended March 31, 2016. Depreciation, amortization and impairment for our Specialty Pharmaceuticals business segment decreased by US$2.4 million, or 14.0%, to US$14.6 million in the financial year ended March 31, 2017 from US$17.0 million in the financial year ended March 31, 2016. Depreciation, amortization and impairment for our Generics & APIs business segment decreased by US$6.4 million, or 28.2%, to US$16.4 million in the financial year ended March 31, 2017 from US$22.8 million in the financial year ended March 31, 2016.

Other expenses. Other expenses increased by US$2.9 million, or 3.4%, to US$88.1 million in the financial year ended March 31, 2017 from US$85.2 million in the financial year ended March 31, 2016 due to increases in discounts, claims to customer and other selling expenses as well as rates and taxes, all of which are in line with our higher sales volume. These increases were partially offset by decreases in consumption of stores and spares and packing materials and repairs and maintenance costs.

Result from operating activities. For the reasons discussed above, result from operating activities increased by 15.2% to US$107.8 million in the financial year ended March 31, 2017 from US$93.6 million in the financial year ended March 31, 2016. Result from operating activities for our Specialty Pharmaceuticals business segment (excluding un-allocated corporate expenses) increased by US$19.0 million, or 28.2%, to US$86.0 million in the financial year ended March 31, 2017 from US$67.0 million in the financial year ended March 31, 2016. Result from operating activities for our Generics & APIs business segment (excluding un-allocated corporate expenses) decreased by US$2.5 million, or 7.4%, to US$30.5 million in the financial year ended March 31, 2017 from US$33.0 million in the financial year ended March 31, 2016.

Finance income. Finance income increased by US$2.0 million to US$2.1 million in the financial year ended March 31, 2017 from US$0.1 million in the financial year ended March 31, 2016, primarily due to interest income from loans to related parties during the financial year ended March 31, 2017.

Finance costs. Finance costs increased by US$13.5 million, or 58.6%, to US$36.7 million in the financial year ended March 31, 2017 from US$23.2 million in the financial year ended March 31, 2016, primarily due to additional premium charge on convertible instrument to IFC.

Profit before tax. For the reasons discussed above, profit before tax increased by 3.8% to US$73.2 million in the financial year ended March 31, 2017 from US$70.5 million in the financial year ended March 31, 2016.

Income tax expense. Income tax expense increased by US$1.5 million, or 7.1%, to US$22.9 million in the financial year ended March 31, 2017 from US$21.4 million in the financial year ended March 31, 2016, primarily due to an increase in taxable income from our operations in India and Canada.

Profit for the year. For the reasons discussed above, profit for the year increased by US$1.2 million, or 2.4%, to US$50.3 million in the financial year ended March 31, 2017 from US$49.1 million in the financial year ended March 31, 2016.

Exchange differences on translation of foreign operations. Exchange differences on translation of foreign operations decreased by US$8.4 million, or 147.3%, to US$2.7 million in the financial year ended March 31, 2017 from negative US$5.7 million in the financial year ended March 31, 2016, primarily due to changes in the average and closing exchange rates between functional currencies of foreign operations and U.S. dollars for the period.

Total comprehensive income for the year. For the reasons discussed above, Total comprehensive income for the year increased by 22.0% to US$52.8 million in the financial year ended March 31, 2017 from US$43.3 million in the financial year ended March 31, 2016.

Liquidity and Capital Resources

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

Our primary sources of funding are cash from operating activities, bank loans, debt issuances, as well as issuances of equity and equity-linked instruments. Our total outstanding indebtedness (comprising loans and borrowings, net of un-amortized transaction costs) amounted to US$407.9 million, US$445.1 million, US$408.5 million and US$409.1 million as at March 31, 2016, 2017 and 2018 and June 30, 2018, respectively.

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

We may from time to time incur additional indebtedness to finance our future capital expenditures. Our ability to obtain such borrowings will be affected primarily by limitations on incurring additional indebtedness under our existing loan agreements and our Senior Notes, the liquidity of the financial markets and governmental policies in effect in the relevant jurisdiction at the time and other factors. See "*Risk Factors—Risks Relating to Our Business—We have incurred significant indebtedness, and we must service this debt and comply with our covenants to avoid refinancing risk*".

Taking into account the cash flows generated from our operating and financing activities, together with our existing cash and cash equivalents and available credit facilities from financial institutions, our Directors are of the reasonable opinion that we have sufficient working capital, as at the date of this document, for our present requirements.

Cash Flows

The following table sets forth our consolidated cash flow statement.

	Financial Year Ended March 31			Three Months Ended June 30	
	2016	2017	2018	2017	2018
	← audited →			← unaudited →	
	(US$ thousands)				
Operating cash flow before working capital changes.....	134,152.6	139,595.1	151,465.3	39,820.1	49,545.7

Cash generated from operations	121,160.3	147,621.7	143,660.1	42,740.3	51,487.2
Net cash generated from operating activities	116,848.8	128,559.1	115,762.9	29,260.7	36,892.8
Net cash used in investing activities	(107,406.9)	(88,252.5)	(67,016.2)	(12,766.6)	(14,234.0)
Net cash used in financing activities	(8,560.7)	(17,970.7)	(69,902.0)	(23,334.7)	(11,760.5)
Cash and cash equivalents at the end of the year/period	27,474.5	48,409.1	27,086.5	42,149.4	37,279.5

Net cash generated from operating activities

Net cash generated from operating activities increased by US$7.6 million, or 26.1%, to US$36.9 million in the three months ended June 30, 2018 from US$29.3 million in the three months ended June 30, 2017. This increase was primarily attributable to:

(i) an increase in operating cash flow before working capital adjustment to US$49.5 million in the three months ended June 30, 2018 from US$39.8 million in the three months ended June 30, 2017,

(ii) a decrease in other assets including other financial assets of US$4.9 million in the three months ended June 30, 2018 compared to increase in other assets including other financial assets of US$2.3 million in the three months ended June 30, 2017, and

(iii) a decrease in trade accounts receivable of US$16.3 million in the three months ended June 30, 2018 from US$12.1 million in the three months ended June 30, 2017.

This increase was partially offset by:

(i) an increase in inventory to US$11.9 million in the three months ended June 30, 2018 from US$5.8 million in the three months ended June 30, 2017, and

(ii) a decrease in trade payable of US$6.6 million in the three months ended June 30, 2018 compared to an increase in trade payable of US$0.6 million in the three months ended June 30, 2017.

Net cash generated from operating activities decreased by US$12.8 million, or 10.0%, to US$115.8 million in the financial year ended March 31, 2018 from US$128.6 million in the financial year ended March 31, 2017. This decrease was primarily attributable to:

(i) a change to an increase in other assets including other financial assets of US$13.6 million in the financial year ended March 31, 2018 compared to a decrease in other assets including other financial assets of US$7.3 million in the financial year ended March 31, 2017,

(ii) a lower finance costs adjustment in the amount of US$27.5 million in the financial year ended March 31, 2018, compared to finance cost adjustment of US$36.7 million in the financial year ended March 31, 2017,

(iii) a change to a decrease in trade payables of US$8.8 million in the financial year ended March 31, 2018 compared to an increase in trade payables of US$2.1 million in the financial year ended March 31, 2017 and

(iv) a higher income taxes paid in the amount of US$27.9 million in the financial year ended March 31, 2018, compared to income taxes of US$19.1 million paid in the financial year ended March 31, 2017.

This decrease was partially offset by:

(i) a higher adjustments for depreciation, amortization and impairment in the amount of US$55.7 million applied in the financial year ended March 31, 2018, compared to the same in the amount of US$31.1 million applied in the financial year ended March 31, 2017,

(ii) a change to a decrease in trade accounts receivable of US$6.8 million in the financial year ended March 31, 2018 compared to an increase of the same in the amount of US$1.8 million in the financial year ended March 31, 2017 and

(iii) a change to a decrease in inventories of US$1.3 million in the financial year ended March 31, 2018 compared to an increase of the same in the amount of US$7.0 million in the financial year ended March 31, 2017.

Profit before tax remained relatively constant in the amount of US$72.9 million in the financial year ended March 31, 2018 compared to the same in the amount of US$73.2 million in the financial year ended March 31, 2017. Increase in other liabilities including other financial liabilities also remained relatively constant in the amount of US$6.5 million in the financial year ended March 31, 2018 compared to the same in the amount of US$7.4 million in the financial year ended March 31, 2017.

Net cash generated from operating activities increased by US$11.8 million, or 10.0%, to US$128.6 million in the financial year ended March 31, 2017 from US$116.8 million in the financial year ended March 31, 2016. This increase was primarily attributable to:

(i) a higher finance costs paid in the amount of US$36.7 million in the financial year ended March 31, 2017, compared to finance cost of US$23.2 million paid in the financial year ended March 31, 2016,

(ii) a lower increase in trade accounts receivable in the amount of US$1.8 million in the financial year ended March 31, 2017, compared to the same in the amount of US$16.1 million in the financial year ended March 31, 2016 and

(iii) a change to a decrease in other assets including other financial asset of US$7.3 million in the financial year ended March 31, 2017 compared to an increase of the same in the amount of US$5.8 million in the financial year ended March 31, 2016.

This increase was partially offset by:

(i) a higher income taxes paid in the amount of US$19.1 million in the financial year ended March 31, 2017, compared to the same in the amount of US$4.3 million paid in the financial year ended March 31, 2016 and

(ii) a lower adjustment for depreciation, amortization and impairment in the amount of US$31.1 million applied in the financial year ended March 31, 2017, compared to the same in the amount of US$39.9 million applied in the financial year ended March 31, 2016.

Profit before tax remained relatively constant in the amount of US$73.2 million in the financial year ended March 31, 2017 compared to the same in the amount of US$70.5 million in the financial year ended March 31, 2016. Increase in other liabilities including other financial liabilities also remained relatively constant in the amount of US$7.4 million in the financial year ended March 31, 2017 compared to the same in the amount of US$8.1 million in the financial year ended March 31, 2016.

Net cash used in investing activities

Net cash used in investing activities remained relatively constant at US$14.2 million in the three months ended June 30, 2018 compared to US$12.8 million in the three months ended June 30, 2017. The increase in net cash used in investing activities primarily relates to our acquisition of Triad's assets.

Net cash used in investing activities decreased by US$21.3 million, or 24.1%, to US$67.0 million in the financial year ended March 31, 2018 from US$88.3 million in the financial year ended March 31, 2017. This decrease was primarily attributable loan made to related parties of US$48.4 million in the financial year ended March 31, 2017, compared to the absence of such loan being made in the financial year ended March 31, 2018. This decrease was partially offset by acquisition of business in the amount of US$20.1 million in the financial year ended March 31, 2018 in relation to the acquisition of our radiopharmacy business from Triad and higher acquisition of property plant and equipment and other intangible assets in the amount of US$52.1 million in the

financial year ended March 31, 2018, compared to the same in the amount of US$44.6 million in the financial year ended March 31, 2017.

Net cash used in investing activities decreased by US$19.1 million, or 17.8%, to US$88.3 million in the financial year ended March 31, 2017 from US$107.4 million in the financial year ended March 31, 2016. This decrease was primarily attributable to the balance of consideration paid in the financial year ended March 31, 2016 for transfer of shares and business from the Parent of US$63.7 million in relation to our group restructuring, partially offset by an increase in loan given to related parties in the amount of US$48.4 million in the financial year ended March 31, 2017, compared to the loan repayment by related parties in the amount of US$30.0 thousand in the financial year ended March 31, 2016. Cash outflow from acquisition of property, plant and equipment remained relatively constant in the amount of US$44.6 million in the financial year ended March 31, 2017 compared to the same in the amount of US$44.5 million in the financial year ended March 31, 2016.

Net cash used in financing activities

Net cash used in financing activities decreased by US$11.5 million, or 49.6%, to US$11.8 million in the three months ended June 30, 2018 from US$23.3 million in the three months ended June 30, 2017. This decrease was primarily attributable to a decrease in repayment of long term loans and borrowings to US$0.5 million in the three months ended June 30, 2018 compared to US$21.3 million of loan repayments in the three months ended June 30, 2017, partially offset by a repayment of short term loans repayable on demand, net, of US$2.6 million in the three months ended June 30, 2018, compared to proceeds received from short term loans repayable on demand, net, of US$7.0 million in the three months ended June 30, 2017.

Net cash used in financing activities increased by US$51.9 million, or 289.0%, to US$69.9 million in the financial year ended March 31, 2018, from US$18.0 million in the financial year ended March 31, 2017. This increase was primarily attributable to a repayment of long-term borrowings and loans in the amount of US$51.4 million and absence of proceeds from long-term loans and borrowings in the financial year ended March 31, 2018, partially offset by lower finance costs paid in the amount of US$16.9 million in the financial year ended March 31, 2018, compared to finance cost of US$33.0 million paid in the financial year ended March 31, 2017. In the financial year ended March 31, 2017, we received proceeds from the issuance of Senior Notes in the amount of US$205.6 million, which was partially offset by repayments of long-term loans and borrowings of US$157.6 million with the proceeds therefrom, as well as repayments of short-term loans repayable on demand, net, in the amount of US$33.0 million.

Net cash used in financing activities increased by US$9.4 million, or 109.9%, to US$18.0 million in the financial year ended March 31, 2017 from US$8.6 million in the financial year ended March 31, 2016. This increase was primarily attributable to higher repayment of long-term loans and borrowings in the amount of US$157.6 in the financial year ended March 31, 2017 million, compared to the same in the amount of US$104.6 million in the financial year ended March 31, 2016, a change from an outflow relating to repayments of short-term loans repayable on demand, net, in the amount of US$33.0 million in the financial year ended March 31, 2017 compared to an inflow received from proceeds from short-term loans repayable on demand, net in the amount of US$17.8 million in the financial year ended March 31, 2016, increase in finance costs paid in the amount of US$33.0 million in the financial year ended March 31, 2017 million, compared to the same in the amount of US$21.0 million paid in the financial year ended March 31, 2016, and the repayment of loans to related parties in the amount of US$13.3 million in the financial year ended March 31, 2016, compared to the absence of such repayment in the financial year ended March 31, 2017. This increase was partially offset by an increase in proceeds received from long-term loans and borrowing in the amount of US$205.6 million in the financial year ended March 31, 2017 million from our issuance of Senior Notes, compared to the same in the amount of US$112.5 million received in the financial year ended March 31, 2016.

Indebtedness

Our total outstanding indebtedness (comprising loans and borrowings, net of un-amortized transaction costs) was US$407.9 million as at March 31, 2016, US$445.1 million as at March 31, 2017, US$408.5 as at March 31, 2018 and US$409.1 million as at June 30, 2018.

Our long-term borrowings include certain financial covenants including debt service coverage ratios, interest coverage ratios on a consolidated basis and certain covenants relating to the senior funded debt to EBITDA ratio. We must service this debt and comply with our covenants to avoid refinancing risk. See "*Risk*

Factors—Risks Relating to Our Business—We have incurred significant indebtedness, and we must service this debt and comply with our covenants to avoid refinancing risk".

In addition, a number of our long-term and short-term borrowings are secured by assets and property of the individual borrowers, including land, buildings and movable fixed assets, as well as receivables and inventory. The following tables set forth a summary of our long-term and short-term borrowings as well as finance leases that are outstanding as at June 30, 2018, and those which were repaid during the financial years ended March 31, 2017 and 2018.

Our credit facilities and Senior Notes contain various covenants that limit our ability to engage in specified types of transactions. Subject to certain conditions and exceptions, these covenants limit our and certain of our subsidiaries' ability to (among other things):

- maintain certain shareholding interests in JLL or the members of the Group;
- make investments or other specified restricted payments;
- issue or sell capital stock of restricted subsidiaries;
- guarantee indebtedness of restricted subsidiaries;
- sell, lease or transfer assets;
- create liens;
- enter into sale and leaseback transactions;
- enter into agreements that restrict the restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- enter into transactions with stakeholders or affiliates; and
- effect a consolidation or merger.

Further details relating to financial covenants and restrictions on use of each facility are set out in the tables below.

Outstanding Long-term Borrowings

Borrower	Lenders	Facility Description	Sanctioned Amount	Maturity	Interest Rate per annum	Outstanding Amount as at June 30, 2018	Financial Covenants	Restrictions on Use of Facility	Security
JHS	Bank of America, N.A.	U.S. dollar revolving term loan[1]	US$35.0 million	January 1, 2019	Floating rate	Nil, not utilized since March 2018	Senior Funded Debt to EBITDA of no greater than 3.75 to 1.00	Proceeds for use for general working capital needs	(i) Security interest in the receivable inventory, equipment and fixtures, deposit accounts and all general intangibles, including patents, trademarks, computer software (including any accessions, attachments, additions, substitutes or replacements thereof), books and records of JHS pertaining to the collateral more particularly described in the security interest agreement dated April 5, 2013. (ii) Amended Deed of trust dated April 5, 2013 encumbering the parcel or parcels of real property owned by JHS located in Spokane County, State of Washington, USA.
The Company	International Finance Corporation	U.S. dollar term loan [2].	US$60.0 million	June 15, 2021	3% of the outstanding loan amount determined at the time of payment of any dividend by the Company on or before June 15, 2020	US$58.2 million	Ratio of Financial debt to EBITDA of less than or equal to 4.0; Prospective DSCR ratio of not less than 1.2; Interest Expense Coverage ratio of not less than 4.0	To partially finance through JGL, the transfer to and full consolidation in JGL of JLL's API and dosage businesses and related transaction costs	Unsecured

Borrower	Lenders	Facility Description	Sanctioned Amount	Maturity	Interest Rate per annum	Outstanding Amount as at June 30, 2018	Financial Covenants	Restrictions on Use of Facility	Security
The Company	Noteholders	U.S. dollar denominated senior notes[(3)].	US$300.0 million	October 2021	4.875%	US$300.0 million	Fixed Charge Coverage Ratio would not be less than 3.0 to 1.0; Consolidated Priority Indebtedness Leverage Ratio of no greater than 0.2 to 1.0	To refinance existing indebtedness, prepay certain of JLL's indebtedness and general corporate purposes	Unsecured

Note:

(1) No dividends or distributions if JHS is in material breach of financial covenants.

(2) Without IFC's written agreement, no entering into any financing arrangement or transaction that would restrict cash (in the form of dividend, coupons or otherwise) from any restricted subsidiary, Cadista Holdings Inc. or Jubilant Cadista, ultimately flowing to the Company, except any financing arrangement that is in existence at the date of the IFC C Loan and which has been disclosed to IFC.

The Company shall ensure that the restricted subsidiaries, Cadista Holdings Inc. and Jubilant Cadista, do not enter into any contract which imposes greater restrictions on their ability to transfer cash (in the form of dividend or otherwise) than those disclosed in the foregoing sentence.

(3) Under the terms of our Senior Notes, the payment of dividends by the Company is subject to certain limitations in respect of financial covenants.

Outstanding Short-term Loans / Borrowings

Borrower	Lenders	Facility Description	Sanction Amount	Maturity	Interest Rate per annum	Outstanding amount as at June 30, 2018	Financial Covenants	Restrictions on Use of Facilities	Security
JGL	Axis Bank	INR working capital loan within consortium	INR 450.0 million	—	Floating rate	INR162.9 million	—	To meet working capital requirements	First charge by way of hypothecation, ranking pari-passu, of the entire current assets, both present and future, of JGL wherever the same may be or be held.
JGL	ICICI Bank (as the leader of the consortium)	INR working capital loan within consortium	INR 400.0 million	—	Floating rate	INR 209.5 million	—	To meet working capital requirements	First charge by way of hypothecation, ranking pari-passu, of the entire book debts and receivables and inventories, both present and future, of JGL wherever the same may be or be held.
JGL	Kotak Mahindra Bank Limited	INR working capital loan within consortium	INR 250.0 million	—	Floating rate	INR 23,906.6	—	To meet working capital requirements	First charge by way of hypothecation, ranking pari-passu, of the entire book debts and receivables and

Borrower	Lenders	Facility Description	Sanction Amount	Maturity	Interest Rate per annum	Outstanding amount as at June 30, 2018	Financial Covenants	Restrictions on Use of Facilities	Security
									inventories, both present and future, of JGL wherever the same may be or be held.
JGL	RBL Bank Limited	INR working capital loan within consortium	INR 350.0 million	—	—	INR 24,274.6	—	To meet working capital requirements	First charge by way of hypothecation, ranking pari-passu, of the entire book debts and receivables and inventories, both present and future, of JGL wherever the same may be or be held.
JGL	Yes Bank Limited	INR working capital loan within consortium	INR 750.0 million	—	—	INR 0.6 million	—	To meet working capital requirements	First charge by way of hypothecation, ranking pari-passu, of the entire book debts and receivables and inventories, both present and future, of JGL wherever the same may be or be held.
JGL	Bank of America, N.A., India Branch[(1)]	Master Facilities Agreement for working capital outside consortium	INR 600.0 million	—	Floating rate	INR 407.0 million	N/A	To meet working capital requirements	Unsecured

Note:

(1) JGL to inform the bank in relation to the occurrence of any of the following events: (i) any change in control of JGL; and (ii) declaration of dividends or distribution of profits unless instalment of principal and interest payable is paid regularly. The total outstanding under all facilities of JLL and JGL not to exceed Rs. 1,800 million.

Outstanding Finance Leases

Borrower	Lenders	Facility Description	U.S. dollar Sanction Amount	Maturity	Interest Rate per annum	Outstanding amount as at June 30, 2018	Financial Covenants	Restrictions on Use of Facilities	Security
JDR.	—	Finance Lease	—	Monthly instalments ending in 2021	4-5%	US$2,993,954	—	—	Hypothecation on respective assets
JGL	Magma Fincorp Limited	Finance Lease	—	—	—	US$166,494	—	Lease of vehicles	—

Repaid Long-term Borrowings

Borrower	Lenders	Facility Description	Sanctioned Amount	Outstanding amount as at June 30, 2018
Jubilant Cadista	ICICI Bank, New York Branch & ICICI Bank, Canada	U.S. dollar term loan	US$35.0 million	Nil, fully repaid in October 2016
JDI	ICICI Bank, New York Branch	U.S. dollar term loan	US$50.0 million	Nil, fully repaid in September 2017
JGL	HDFC Bank Limited	Indian rupee term loan	INR 750.0 million	Nil, fully repaid in October 2016
JGL	Indian Bank	Indian rupee term loan	INR 1,500.0 million	Nil, fully repaid in October 2016
JGL	IndusInd Bank Limited	Indian rupee term loan	INR 1,000.0 million	Nil, fully repaid in October 2016
JGL	RBL Bank Limited	Indian rupee term loan	INR 1,300.0 million	Nil, fully repaid in October 2016
JGL	Yes Bank Limited	Indian rupee term loan	INR 1,500.0 million	Nil, fully repaid in October 2016
The Company	International Finance Corporation	U.S. dollar term loan (IFC A Loan)	US$87.5 million	Nil, fully repaid in December 2016
JDI	ICICI Bank, Canada	Canadian dollar term loan	CAD33.6 million	Nil, fully repaid in September 2017

Repaid Short-term Borrowings

Borrower	Lenders	Facility Description	Sanction Amount	Outstanding amount as at June 30, 2018
Jubilant Cadista	ICICI Bank, New York Branch	U.S. dollar working capital facility	US$10.0 million	Nil, fully repaid in October 2016

As at June 30, 2018, we have secured fund based credit facilities of an aggregate of approximately US$75.9 million of which approximately US$9.0 million is outstanding and secured non-fund based credit facilities of an aggregate of approximately US$36.5 million of which approximately US$6.0 million is outstanding.

Capital Expenditures

The following table sets forth the Group's capital expenditure during the years ended March 31, 2016, 2017 and 2018 and for the period from April 1, 2018 to June 30, 2018.

	Financial Year Ended March 31			April 1, 2018 to June 30, 2018	
	2016	2017	2018	2017	2018
			(US$ thousands)		
Property, plants and equipment and others	47,461.1	50,805.6	51,071.3	13,807.4	14,532.5
Total	**47,461.1**	**50,805.6**	**51,071.3**	**13,807.4**	**14,532.5**

Our historical capital expenditures were primarily related to normal capital expenditure to run and maintain our operations and debottlenecking of capacities, including:

i) product development, Salisbury Facility expansion, new ampoule line and automated inspection machine at our CMO Montreal Facility in the financial year ended March 31, 2016;

ii) product development, addition of a third stream to one of our existing plants at our Nanjangud Facility and Systems, Applications & Products (SAP) implementation at JGL in the financial year ended March 31, 2017;

iii) product development, Roorkee Facility capacity expansion, plant upgrades at our existing API facilities, de-bottlenecking and Environment Management System (EMS) augmentation, serialization at our Salisbury Facility, Roorkee Facility, CMO Montreal Facility and Spokane Facility as well as fleet replacement for our radiopharmacies in the financial year ended March 31, 2018; and

iv) product development, Roorkee Facility capacity expansion, fleet replacement for our radiopharmacies and RUBY-FILL® scale-up for the period from April 1, 2018 through June 30, 2018.

Such capital expenditures were funded primarily by cash generated from operations, proceeds from the issuance of senior notes and other bank borrowings.

We have a number of future planned capital expenditures for our various business lines. For our solid dosage formulations business line, we plan to expand capacity at our Roorkee Facility, from the current capacity of 1.6 billion tablets to 2.6 billion tablets per annum. We expect to complete this project during the second half of financial year 2019 at an estimated cost of approximately US$22 million, of which approximately US$7 million has already been incurred up to June 30, 2018. For our CMO business line, we plan to install a third new lyophilization line at our Spokane Facility in order to increase capacity by approximately 40 batches per annum. We expect to complete this project during the second half of financial year 2019 at an estimated cost of approximately US$5.8 million, of which approximately US$2.3 million has already been incurred up to June 30, 2018. For our radiopharmaceuticals business, we have planned capital expenditures to increase our RUBY-FILL® generators' manufacturing capacity at our JDI Montreal Facility. We expect to complete the existing facility expansion during the second half of financial year 2019 at an estimated cost of approximately US$6 million. We estimate an increase in capacity from eight generators per week to 16 generators per week at our JDI Montreal Facility. In addition, we plan to build six new radiopharmacies and upgrade and/or relocate approximately six of our existing radiopharmacies to expand our geographic footprint and increase market share. We expect to commence work on this project during the second half of financial year 2019 and plan to complete it in phases by the first half of financial year 2021 at an estimated cost of US$11 million. We expect to fund all of these planned capital expenditure projects with cash from operations.

We expect future capital expenditure will primarily relate to capacity expansion, research and development on product portfolio and acquisition of complementary businesses to strengthen existing product portfolio and manufacturing footprint. See *"Business—Business Strategies"*.

We cannot assure you that our capital expenditure budget will not vary or can be financed on commercially acceptable terms, or at all. Our ability to obtain adequate financing, including new facilities, to satisfy our capital expenditures, contractual obligations and debt service requirements may be limited by our financial condition and results of operation and liquidity of domestic and international financial markets. See "*Risk Factors—Risks Relating to Our Business—If we have difficulty in integrating companies or businesses that we merge with or acquire, we may be unable to realize the anticipated benefits of such mergers or acquisitions, or our existing business may be harmed*" and "*Risk Factors—Risks Relating to Our Business—We have incurred significant indebtedness, and we must service this debt and comply with our covenants to avoid refinancing risk*".

Contractual Obligations and Contingent Liabilities

Contractual Obligations

The following table sets forth the Company's financial contractual obligations as at June 30, 2018. The Company's other liabilities, including trade payables and other financial liabilities, are due in less than 12 months as at June 30, 2018.

	Payment Due by Period			
	Less than 1 Year	1-5 Years	More than 5 Years	Total

		(US$ thousands)		
Loans and borrowings[(1)]	10,573.6	401,771.5	—	412,345.1
Trade payables	58,019.8	—	—	58,019.8
Other financial liabilities	7,421.8	—	—	7,421.8
Employee benefits	18,046.3	3,345.9	—	21,392.1
Total	**94,061.4**	**405,117.4**	—	**499,178.8**

Note:

(1) Contractual cash flows exclude interest payable.

Capital Commitments

As at March 31, 2016, 2017 and 2018 and June 30, 2018 the Group had committed to spend US$8.5 million, US$18.1 million, US$15.0 million and US$13.9 million, respectively, under agreements to purchase property, plant and equipment and other intangible assets.

As at June 30, 2018, the Group had committed to spend US$13.9 million, under agreements to purchase property, plant and equipment and other intangible assets. We expect to fund such capital commitments primarily by cash and cash equivalents, cash generated from future operations and financing activities.

Other commitments

The Group has certain operating lease arrangements, which are non-cancellable for a period up to five years. Such leases contain varying terms, escalation clauses and renewal rights. As at March 31, 2016, 2017 and 2018 and June 30, 2018 the Group was subject to minimum lease payments in the amounts of US$3.9 million, US$3.2 million, US$11.7 million and US$11.3 million, respectively.

Contingent Liabilities

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

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

The aggregate amount of claims not acknowledged as debt as at March 31, 2016, 2017 and 2018 and as at June 30, 2018 was US$4.8 million, US$0.8 million, US$27.3 million and US$27.1 million, respectively.

Outstanding guarantees furnished by banks on behalf of the Group as at March 31, 2016, 2017 and 2018 and as at June 30, 2018 were US$13.8 thousand, US$8.3 thousand, US$127.1 thousand and US$127.0 thousand, respectively.

Further to our launch of RUBY-FILL®, Bracco filed two legal challenges against us and the Jubilant Defendants in the New Jersey District Court and with the USITC. These challenges, if not adjudicated in our favor, may result in monetary damages or the, the exclusion of certain systems and components from importation as well as suspension and/or cessation of our manufacture and sale of RUBY-FILL® in the United States. If we suspend or cease the manufacture and sale of RUBY-FILL®, we could lose any potential growth that RUBY-FILL® is expected to bring to our business. For more details, see "*Risk Factors—Risks Relating to our Business—If we are unable to defend ourselves in challenges related to intellectual property rights, we could be subject to injunctions preventing us from selling our products, resulting in a decrease in revenues, or we could be subject to substantial liabilities that would lower our profits and adversely affect our financial condition*".

Qualitative and Quantitative Disclosures about Market Risk

The Group's activities are exposed to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's board of directors is tasked with the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's overall risk management framework seeks

to minimize potential adverse effects on the financial performance of the Group and is deliberated and reviewed at appropriate forums.

Foreign Currency Exchange Rate Risk

We manufacture and sell products to customers around the world in multiple foreign currencies and face translation and transaction risks related to the fluctuation of foreign currency exchange rates in the markets where we are active. A significant portion of our costs are denominated in currencies other than the U.S. dollar, due to our international operations. These costs are affected by prevailing rates of exchange.

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

The functional currencies of the Group's operations are primarily the Indian rupees, U.S. dollar, Canadian dollars and Euro. Due to our Indian and Canadian operations, any significant movement in the value of the Indian rupee or the Canadian dollar against the U.S. dollar could have a material effect on our business, financial condition, results of operations and prospects. As at March 31, 2018 and as at June 30, 2018, if the U.S. dollar had weakened/strengthened by 1.0% against all other currencies with all other variables held constant, profit or loss (before tax) for the period would have been US$0.7 million and US$0.9 million, respectively, lower/higher.

We have in the past utilized certain hedging instruments, including forward contracts with respect to our exports and imports from and into India. However, due to market uncertainties, currently the Company has decided not to enter into any forward contracts for the time being and has not entered into such forward contracts after the financial year ended March 31, 2016. Currently, we have not hedged our foreign currency exposure, and accordingly, we are exposed to the impact of fluctuations in foreign currency exchange rates.

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

Interest Rate Risk

Changes in interest rates affect our interest expenses on floating rate debt instruments, loans and our interest income from cash and cash equivalents. We have in the past entered into floating to fixed interest rate swap agreements. However, due to market uncertainties, currently the Company has decided not to enter into any fixed interest rate swap agreement for the time being and have not entered into such forward contracts after the financial year ended March 31, 2016. As at March 31, 2018 and June 30, 2018, only 3.0% and 2.2% of our total indebtedness bore interest at floating rates, respectively.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, investments and other financial assets. The carrying amount of financial assets in the Company's consolidated statements of financial position represents maximum credit risk exposure.

To manage credit risk from trade receivables and other financial assets, the Company established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, to the extent available, financial statements, credit agency information, industry information, and business intelligence. Sale limits are established for each customer and reviewed annually.

Based on internal assessment and historical experience in relation to defaults and delays in collection, management believes that the Group's credit risk in relation to trade receivables is low. Management also believes that all of the Group's financial assets with contractual cash flows other than trade receivable to be high quality assets with negligible credit risk. Management is of the view that the parties from which these financial

assets are recoverable, possess strong financial capacity to meet the obligations and the risk of default is negligible. Accordingly, no provision for excepted credit loss has been provided for on such financial assets.

Liquidity Risk

Liquidity risk arises in situations where the Group may encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group's treasury department is responsible for managing the Group's short-term and long-term liquidity requirements. See "*—Contractual Obligations and Contingent Liabilities—Contractual Obligations*" for information on the Company's financial liabilities as at March 31, 2018, classified into relevant maturities based on the remaining period to the contractual maturity date.

Taxation

The Company's effective tax rates were 30.4%, 31.3%, 32.6% and 31.7%, respectively, in the financial years ended March 31, 2016, 2017, 2018 and the three months ended June 30, 2018. These amounts are more than the 17% statutory corporate tax rate applicable in Singapore rate as substantially all of our income are generated in countries with higher tax rate than Singapore. The Company has an internal tax department and conducts internal reviews to ensure that it complies with applicable Singapore tax rules and regulations. The Company also consults with external tax advisers.

Recently Issued Accounting Pronouncements

The Group has not early adopted the following new or amended standards in preparing the Group's consolidated financial statements. In this "*—Recently Issued Accounting Pronouncements*" section, all references to IFRS refer to IFRS and SFRS(I).

IFRS 16, Leases

IFRS 16 replaces existing leases guidance, including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The standard is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Group has not yet completed its assessment of the potential impact on its consolidated interim financial statements. The actual impact of applying IFRS 16 on the consolidated interim financial statements in the period of initial application will depend on future economic conditions, including the Group's borrowing rate at April 1, 2019, the composition of the Group's lease portfolio at that date, the Group's latest assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use practical expedients and recognition exemptions.

So far, the most significant impact identified is that the Group will recognize new assets and liabilities for its operating leases of warehouse and factory facilities. As at June 30, 2018, the Group's future minimum lease payments under non-cancellable operating leases amounted to US$ 11.3 million, on an undiscounted basis (refer note 32(ii) of the consolidated interim financial statements), represent 1.24% of the consolidated total assets and 2.14% of the consolidated total liabilities. Under the new standard, remaining lease payments of the operating leases will be recognized at their present value discounted using appropriate discount rates.

In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

The Group does not expect the adoption of IFRS 16 to impact its ability to comply with the loan covenants.

Determining whether an Arrangement Contains a Lease

On transition to IFRS 16, the Group can choose whether to apply the IFRS 16's definition of a lease to all its contracts or apply a practical expedient measure and not reassess whether a contract is, or contains, a lease. The Group plans to apply a practical expedient measure to grandfather the definition of a lease on transition. As such, the Group will apply IFRS 16 to all contracts entered into before April 1, 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

Transition

As a lessee, the Group can either apply the standard using a retrospective approach or modified retrospective approach with optional practical expedient measures. The lessee is required applies the election consistently to all of its leases.

The Group plans to apply IFRS 16 initially on April 1, 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings at April 1, 2019, with no restatement of comparative information. When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedient measures on transition. The Group is assessing the potential impact of using these practical expedient measures.

IFRIC 23, Uncertainty over Income Tax treatments

On June 7, 2017, the IFRS Interpretations Committee issued IFRIC 23, which clarifies how the recognition and measurement requirements of IAS 12 "*income taxes*" are applied where there is uncertainty over income tax treatments. IFRIC 23 explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the applicable tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under applicable tax law.

The interpretation provides specific guidance in several areas where previously IAS 12 was silent. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Group is currently in the process of evaluating the impact of this change on its consolidated interim financial statements.

Non-IFRS and Non-SFRS(I) Financial Measures

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

As a measure of operating performance, we believe that the most directly comparable measure to EBITDA is profit for the year/ period. We use EBITDA in addition to profit for the year/ period because profit for the year/ period includes many accounting items associated with capital expenditures, such as depreciation, as well as certain other non-operating transactions, such as finance income and finance costs and income tax expenses. These accounting items may vary between companies depending on the method of accounting

adopted by each company. By minimizing differences in capital expenditures and the associated depreciation expenses as well as reported tax positions, goodwill amortization and finance income and costs, EBITDA provides further information about our operating performance and an additional measure for comparing our operating performance with other companies' results. Funds depicted by EBITDA may not be available for debt service due to covenant restrictions, capital expenditure requirements and other commitments.

The following table reconciles our net profit under IFRS and SFRS(I) to our definition of EBITDA and EBITDA Margin for the periods indicated:

Consolidated EBITDA

The following table reconciles our profit for the year/ period under IFRS and SFRS(I) to our definition of EBITDA and EBITDA Margin for the periods indicated:

	Financial Year Ended March 31			Three months Ended June 30	
	2016	2017	2018	2017	2018
	(US$ thousands)				
Profit for the year/ period	49,070.2	50,260.0	49,116.9	18,154.1	23,769.7
Add:					
Finance costs (net)[2]	23,091.8	34,615.1	22,881.7	5,174.1	6,206.2
Income tax expense	21,432.9	22,947.9	23,734.7	9,047.1	11,019.3
Depreciation, amortization and impairment	39,869.2	31,089.1	55,719.5	8,013.2	9,853.7
EBITDA	133,464.1	138,912.2	151,452.8	40,388.5	50,848.9
Revenue from operations (net)	438,108.9	460,572.1	619,165.6	125,133.3	176,472.2
EBITDA Margin[1]	30.5%	30.2%	24.5%	32.3%	28.8%

Notes:

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

(2) Finance costs net of finance income.

Segmental EBITDA

The Company reconciles segment results from operating activities to EBITDA by adding depreciation, amortization and impairment. Segmental results from operating activities do not include un-allocated corporate expenses.

The following table reconciles our results from operating activities for the year/ period for our Specialty Pharmaceuticals business segment under IFRS and SFRS(I) to our definition of EBITDA and EBITDA Margin for the periods indicated:

	As at March 31			As at June 30	
	2016	2017	2018	2017	2018
	(US$ thousands)				
Results[1]	67,036.1	85,957.4	110,670.0	31,001.1	37,505.0
Add:					
Depreciation, amortization and impairment	17,020.4	14,635.4	27,198.0	3,532.6	5,318.9
EBITDA	84,056.5	100,592.8	137,868.1	34,533.7	42,823.9
Revenue from operations (net)	226,883.4	246,694.0	409,522.9	72,761.9	121,962.1
EBITDA Margin[2]	37.0%	40.8%	33.7%	47.5%	35.1%

Notes:

(1) Segmental results as shown in our consolidated financial statements are equivalent to earnings before interest and tax (EBIT).

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

The following table reconciles our results from operating activities for the year/ period for our Generics & APIs business segment under IFRS and SFRS(I) to our definition of EBITDA and EBITDA Margin for the periods indicated:

	As at March 31			As at June 30	
	2016	2017	2018	2017	2018
	(US$ thousands)				
Results[(1)]	32,981.6	30,526.2	(2,603.9)	3,658.0	6,860.4
Add:					
Depreciation, amortization and impairment	22,821.5	16,394.0	28,458.4	4,464.9	4,518.9
EBITDA	55,803.1	46,920.2	25,854.6	8,123.0	11,379.3
Revenue from operations (net)	211,225.5	213,878.2	209,642.7	52,371.5	54,510.1
EBITDA Margin[(2)]	26.4%	21.9%	12.3%	15.5%	20.9%

Notes:

(1) Segmental results as shown in our consolidated financial statements are equivalent to earnings before interest and tax (EBIT).

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

EBITDA increased to US$50.8 million in the three months ended June 30, 2018, compared to US$40.4 million in the three months ended June 30, 2017 and EBITDA margin was 28.8% in the three months ended June 30, 2018, compared to 32.3% in the three months ended June 30, 2017. EBITDA increased in the three months ended June 30, 2018 primarily due to an increase in the CMO business line of our Specialty Pharmaceuticals business segment, along with impact of favorable price movement, lower discards and failure to supply penalties in the U.S. market in our generics business line, partially offset by a loss from our newly acquired radiopharmacy business.

EBITDA increased to US$151.5 million in the financial year ended March 31, 2018, compared to US$138.9 million in the financial year ended March 31, 2017 and EBITDA margin was 24.5% in the financial year ended March 31, 2018, compared to 30.2% in the financial year ended March 31, 2017. EBITDA increased in the financial year ended March 31, 2018 primarily due to better volumes and favorable prices in our Specialty Pharmaceuticals business segment, partially offset by lower volumes, downward pressure on pricing and higher discards as well as failure to supply penalties in our generics business line in the U.S. market and impact of loss (including due to acquisition related costs) from our newly acquired radiopharmacy business.

EBITDA increased to US$138.9 million in the financial year ended March 31, 2017, from US$133.5 million in the financial year ended March 31, 2016 and EBITDA margin was 30.2% in the financial year ended March 31, 2017 compared to 30.5% in the financial year ended March 31, 2016. The EBITDA increased in the financial year ended March 31, 2017 primarily due to an increase in EBITDA in the Specialty Pharmaceuticals business segment, led by price improvements in radiopharmaceuticals and allergy therapy products business lines, partially offset by pricing pressure encountered in the U.S. for our generics business.

You should not consider EBITDA or EBITDA Margin in isolation or construe it as an alternative to profit for the year/ period, or as an indicator of operating performance or any other standard measure under IFRS and SFRS(I). EBITDA and EBITDA Margin measures used in this document may not be comparable to similarly titled measures used by other companies.

GLOSSARY OF TECHNICAL TERMS

Following are definitions of technical terms used in this document.

Active moiety	A molecule or ion that forms the active ingredient in a drug
adverse effects	Unexpected medical problems that happens during treatment with a drug or other therapy
ampoule	A small sealed glass capsule commonly containing a liquid in a measured quantity ready for injecting
bio-transformation	Chemical modification (or modifications) by an organism on a chemical compound
captive consumption	The consumption of goods manufactured by one division and consumed by another division(s) of the same organization
Class III recall	A recall in which in which the use of, or exposure to, the recalled product is not likely to cause adverse health consequences
Complete Response Letter or CRL	A letter issued by the USFDA when it determines that it will not approve an application or abbreviated application in its current form for one or more reasons specified therein. A CRL will also recommend actions the applicant might take to place the application or abbreviated application in condition for approval
cyclotron	Charged-particle accelerator used to produce short-lived isotopes
DMF	Drug Master File, which is a submission to the relevant regular (e.g. USFDA in the United States) that may be used to provide confidential detailed information about facilities, processes, or articles used in the manufacturing, processing, packaging, and storing of one or more human drugs
dossier	A registration dossier is a document that contains technical, quality, administrative, clinical and non-clinical data of a pharmaceutical product to be approved, registered or marketed in a country demonstrating that such product is of acceptable quality, is safe and performs optimally when used
DTPA	Diethylene Triamine Penta Acetic Acid
EDMF	European Drug Master File
excipient	An inactive substance, for the purpose of bulking-up formulations that contain potent active ingredients (thus often referred to as “bulking agents”, “fillers”, or “diluents”
Expanded-Access Program	Program for patients to gain access to investigational drugs, biologics, and medical devices used to diagnose, monitor, or treat patients with serious diseases or conditions for which there are no comparable or satisfactory therapy options available outside of clinical trials
Form-483	A form used to list inspectional observations issued by the USFDA to firm management at the conclusion of an inspection when an investigator(s) has observed any conditions that in their judgment may constitute violations of the FDCA, cGMP or other regulations

Health Insurance Marketplaces.....	Websites or online portals offering services that helps people shop for and enroll in affordable health insurance, including the Marketplace operated by the U.S. federal government operates the Marketplace, available at HealthCare.gov, for most states. Some states run their own Marketplaces
Lean Six Sigma	Methodology aimed at reducing an organization's costs and improving operational efficiency through the reduction of waste. In the context of our business, this means focusing on yield improvement, capacity expansion, reductions in solvent cost and qualify failures, operating expenses (OPE) improvement, lean office improvement and energy cost reduction
lifestyle driven therapeutic areas	Diseases or causes of diseases that are rooted in lifestyle choices including nutrition and physical activity, stress, environmental exposures and genetic influences
lyophilization.....	A freeze drying process in which water is removed from a product after it is frozen and placed under a vacuum, allowing the ice to change directly from solid to vapor without passing through a liquid phase
lyophilizer.....	A freeze-dry system used to remove solvent from frozen samples
MAA.....	Macro Aggregates of Albumin
market withdrawal.....	Voluntary removal or correction of a distributed product which involves a minor violation that would not be subject to legal actions by the USFDA or which involves no violation
MDP	Methyl Diphosphonate
Medicaid.....	The United States national social healthcare program for citizens with limited resources, which is a means tested program administered and funded jointly by the United States federal government and individual states
Medicare.....	The United States national healthcare social insurance plan administered by the United States federal government since 1968 that provides limited health insurance to United States citizens over age 65 and other citizens who are legally disabled and under age 65
Medicare Part B.....	Medical insurance that is part of Medicare, covering medically necessary services and preventative services
Medicare Part D	Medicare's insurance program for prescription drugs
mIBG	meta-Iodobenzylguanidine
OCL	Ointment, Cream and Liquid
PET	Position Emission Tomography. Similar to SPECT, PET also produces three dimensional images of the distribution of radioactive materials. However, PET scans map the locations of the photons in the human body. The scan uses a special dye containing radioactive tracers which is then absorbed by the organs or tissues. The scan can measure the blood flow, oxygen level, glucose level, among others. PET radiopharmaceuticals have shorter half-life and decay producing positrons. PET radiopharmaceuticals include Fludeoxyglucose (18F-FDG), Rubidium (Rb-82), Carbon-11 Choline, Florbetapir-18,

Nitrogen-13 Ammonia and Palladium-103

pharmacovigilance	Activities relating to the detection, assessment, understanding and prevention of adverse effects or any other drug-related problem
Phase II	Phase II clinical trials typically involve studies in a limited patient population to identify possible adverse effects and safety risks, to evaluate preliminarily the efficacy of the agent for specific targeted diseases and to determine dosage tolerance and optimal dosage and schedule
Phase III	Phase III clinical trials typically involve studies undertaken to further evaluate dosage, clinical efficacy and safety in an expanded patient population at geographically dispersed clinical study sites. Such studies are intended to collect sufficient safety and effectiveness data to support the NDA for USFDA approval
Phase IV	Phase IV clinical trials and surveillance to monitor the safety and efficacy of the product candidate
section 505(b)	Section 505(b) of the FDCA, which sets out new drug application and approval pathways in the United States
serialization	A comprehensive system used in the pharmaceutical industry to track individual products using a unique serial number from the manufacturer through to the end user, such serial number would provide information including the product's origin, production batch and expiry date
SPECT	Single photon emission computed tomography. SPECT imaging produces three dimensional images of the distribution of radioactive materials introduced into the patient's body. SPECT imagers come with gamma camera detectors that are used to detect gamma ray emissions from tracers injected into the patients. Radiopharmaceuticals used in SPECT scanning have relatively longer half-lives. SPECT radiopharmaceuticals include Technetium-99 (Tc-99m), Thallium-201 (TI-201), Gallium-67 (Ga-67), Iodine (I-123, I-125), Rhenium (Re-186), Yttrium (Y-90) and Indium-111
stereo-selective synthesis	A chemical reaction (or reaction sequence) in which one or more new elements of chirality are formed in a substrate molecule and which produces the stereoisomeric (enantiomeric or diastereoisomeric) products in unequal amounts
Therapeutic radiopharmaceuticals	Radioimmunotherapy agents, also referred to as radioimmunopharmaceuticals are subset of targeted therapeutics and immune-conjugant therapies. Radioimmunotherapy agents include Iodine (1-131), Yttrium (90Y), Samarium (Sm-153), Strontium(89 Sr), Rhenium (186Re), Lutetium (Lu-177) and Erbium (169Er)
Warning Letter	A letter from the USFDA notifying a manufacturer about violations of "regulatory significance" that the USFDA has documented during its inspections or investigations and setting out what the manufacturer must do to correct the problem, including providing directions and a timeframe for the manufacturer to inform the USFDA of its plans for correction