

**Jubilant Pharma Limited
and its subsidiaries
Registration Number: 200506887H**

Consolidated Financial Statements
For the financial years ended
31 March 2019 and 2018



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Independent Auditors' Report

To the Shareholders of Jubilant Pharma Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Jubilant Pharma Limited and its subsidiaries and partnerships ("the Company"), which comprise the consolidated statement of financial position as at 31 March 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at 31 March 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as issued by International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of goodwill

See Note 2.7(ii), 2.8 and 4 (1) to the consolidated financial statements.

The key audit matter

As at 31 March 2019, the goodwill is carried at USD 164.5 million which represents 26% of the total non-current assets.

In addition to significance of the amount, management's assessment process is complex as it involves significant judgement in determining the appropriate allocation of the goodwill to cash generating unit and assumptions to be used to estimate the recoverable amount. The recoverable amount of the CGUs has been derived from discounted forecast cash flow models. These models use several key assumptions, including estimates of future sales volumes, and prices, operating costs, terminal value growth rates and the discount rate.

How the matter was addressed in our audit

Our audit procedures in this area included, among others:

- determined that the goodwill is appropriately allocated to the cash generating unit;
- tested the design and implementation of management's controls in determining the carrying amount and the recoverable amount of the cash generating unit to which the goodwill is allocated;
- involved our valuation specialists to assist in evaluating whether the inputs and methodologies used are reasonable;
- evaluated the appropriateness of the assumptions applied to key inputs such as revenue projections, operating costs, inflation and long-term growth rates, which included assessments based on our knowledge of the Company and the industry, with the assistance of our valuation specialists;
- examined the causes of differences between past cash flow projections and actual cash flows;
- performed sensitivity analysis of the key assumptions used to determine which reasonable changes to assumptions would change the outcome of the impairment assessment;
- compared the recoverable amount of the cash generating unit to the carrying amount to determine if there is an impairment loss; and
- assessed the adequacy of related disclosures in consolidated financial statements on the assumptions underlying the impairment assessment performed by management.

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Impairment of intangible asset under development

See Note 2.8 and 4(2) to the consolidated financial statements.

The key audit matter

As at 31 March 2019, the intangible assets under development is carried at USD 64.2 million which represents 10% of total non-current assets.

In addition to significance of the amount, management's assessment process is complex as it involves significant judgement in estimating the recoverable amount and the costs to complete the development. Management's assessment of recoverable amount primarily involves significant judgement in estimating the revenue growth, expected market share and discount rate.

How the matter was addressed in our audit

Our audit procedures in this area included, among others:

- tested the design and implementation of controls over management's review of impairment assessment;
- examined the causes of differences between past cash flow projections and actual cash flows in respect of intangible assets put to use;
- for samples selected, evaluated the appropriateness of the assumptions applied to key inputs such as forecast revenue, margins and discount rate, which included assessments based on our knowledge of the Company and the industry, with the assistance of our valuation specialists;
- interviewed key research & development personnel and commercial personnel to corroborate the assumptions used;
- performed sensitivity analysis, which included assessing the effect of reasonably possible variations in certain key inputs on the currently estimated recoverable amount and considered the resulting impact on impairment testing and whether the selection of key assumptions is appropriate;
- compared the recoverable amount of the intangible assets under development to its carrying amount to determine if there is an impairment loss; and
- assessed the adequacy of related disclosures in the consolidated financial statements

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the



entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is K G Pasupathi.

KPMG

KPMG
Mumbai, India
22 July 2019

**Consolidated Statements of Financial Position
As at 31 March 2019 and 2018**

	Note	2019 USD	2018 USD
Non-current assets			
Property, plant and equipment	3	284,219,860	278,365,913
Goodwill	4	164,512,897	168,634,149
Other intangible assets	4	111,523,883	117,320,360
Investments	5	—	—
Other financial assets	6	48,053,224	50,843,675
Income tax assets		1,340,901	1,422,997
Deferred tax assets (net)	13	22,841,583	25,759,953
Other non-current assets	7	2,880,355	4,763,262
Total non-current assets		635,372,703	647,110,309
Current assets			
Inventories	8	124,367,552	112,185,889
Trade receivables	9	116,797,767	105,941,967
Other financial assets	6	59,415,406	8,679,471
Income tax assets		2,044	910,651
Other current assets	7	26,646,565	23,213,426
Cash and cash equivalents	10	90,289,248	27,086,489
Total current assets		417,518,582	278,017,893
Total assets		1,052,891,285	925,128,202
Equity			
Equity share capital		326,758,994	326,758,994
Merger reserve		(68,787,724)	(68,787,724)
Retained earnings		211,093,389	160,303,396
Foreign currency translation reserve		(49,230,721)	(22,222,177)
Other components of equity		(11,826,522)	(11,885,843)
Total equity attributable to owners of the Company		408,007,416	384,166,646

The accompanying notes form an integral part of these consolidated financial statements.

**Consolidated Statements of Financial Position (cont'd)
As at 31 March 2019 and 2018**

	Note	2019 USD	2018 USD
Non-current liabilities			
Loans and borrowings	11(a)	495,850,697	394,002,286
Employee benefits		3,592,780	3,808,701
Deferred tax liabilities (net)	13	20,467,528	16,693,790
Provisions	14	2,186,758	2,168,810
Other non-current liabilities	15	1,404,724	1,190,536
Total non-current liabilities		523,502,487	417,864,123
Current liabilities			
Loans and borrowings	11(b)	9,954,511	14,489,963
Employee benefits		19,482,273	16,956,491
Trade payables	16	66,370,963	62,176,755
Other financial liabilities	12	11,571,525	11,488,868
Income tax liabilities		3,049,000	9,395,279
Provisions	14	3,074,887	—
Other current liabilities	15	7,878,223	8,590,077
Total current liabilities		121,381,382	123,097,433
Total liabilities		644,883,869	540,961,556
Total equity and liabilities		1,052,891,285	925,128,202

The accompanying notes form an integral part of these consolidated financial statements.

**Consolidated Statements of Profit or Loss and Other Comprehensive Income
For the years ended 31 March 2019 and 2018**

	Note	2019 USD	2018 USD
Revenue from operations	17	761,326,844	619,165,588
Other income	18	5,280,204	1,669,140
Total income		766,607,048	620,834,728
Cost of materials consumed		(202,472,773)	(159,871,629)
Purchases of stock-in-trade		(12,764,409)	(11,150,558)
Changes in inventories of finished goods, stock-in-trade and work-in-progress		8,659,688	2,232,083
Employee benefits expense	19	(215,600,876)	(179,923,931)
Depreciation, amortisation and impairment	3,4,4(2)	(40,141,930)	(55,719,525)
Other expenses	22	(152,229,154)	(120,667,891)
Finance income	20	5,124,173	4,606,794
Finance costs	21	(17,159,816)	(16,778,073)
Change in fair value of debt instrument at FVPL	11	(39,900,000)	(10,710,452)
Profit before tax		100,121,951	72,851,546
Income tax expense	23	(41,162,958)	(23,734,666)
Profit for the year		58,958,993	49,116,880
Other comprehensive income/(loss)			
<i>Items that will be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(27,008,544)	6,865,399
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of defined benefit obligations	25	91,184	(72,781)
Income tax relating to items that will not be reclassified to profit or loss		(31,863)	26,237
Other comprehensive income for the year, net of tax		(26,949,223)	6,818,855
Total comprehensive income for the year		32,009,770	55,935,735

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Equity
For the years ended 31 March 2019 and 2018

	Attributable to owners of the Company					
	Equity share capital ** USD	Merger reserve # USD	Other capital reserve ## USD	Remeasurement of defined benefit obligations @ USD	Foreign currency translation reserve ^ USD	Retained earnings USD
At 1 April 2017	326,758,994	(68,787,724)	(11,441,561)	(397,738)	(29,087,576)	111,186,516
Total comprehensive (loss)/income for the year						
Profit for the year	-	-	-	-	-	49,116,880
Other comprehensive (loss)/income for the year, net of tax	-	-	-	(46,544)	6,865,399	-
Total comprehensive (loss)/income for the year	-	-	-	(46,544)	6,865,399	49,116,880
At 31 March 2018	326,758,994	(68,787,724)	(11,441,561)	(444,282)	(22,222,177)	160,303,396
At 1 April 2018	326,758,994	(68,787,724)	(11,441,561)	(444,282)	(22,222,177)	160,303,396
Total comprehensive (loss)/income for the year						
Profit for the year	-	-	-	-	-	58,958,993
Other comprehensive (loss)/income for the year, net of tax	-	-	-	59,321	(27,008,544)	-
Total comprehensive (loss)/income for the year	-	-	-	59,321	(27,008,544)	58,958,993
At 31 March 2019	326,758,994	(68,787,724)	(11,441,561)	(384,961)	(49,230,721)	211,093,389
Total transactions with equity holders						
Dividend distribution to shareholders*	-	-	-	-	-	(8,169,000)
Total transactions with equity holders	-	-	-	-	-	(8,169,000)
At 31 March 2019	326,758,994	(68,787,724)	(11,441,561)	(384,961)	(49,230,721)	211,093,389
Total equity						USD
At 1 April 2017						328,230,911
At 31 March 2018						384,166,646
At 31 March 2019						408,007,416

The accompanying notes form an integral part of these consolidated financial statements.

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- ** No. of shares as at 31 March 2019 and 31 March 2018 is 326,758,994. There is no change in the number of shares during the respective years. All issued ordinary shares are fully paid. There is no par value for these ordinary shares. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at general meetings of the Company.
- # Represents difference between the consideration and carrying amount of net assets/liabilities for transactions among entities under common control to transfer out/in of any business or shares of entities under common control.
- ## Primarily represents effect of transactions with shareholders (other than those accounted for in merger reserve).
- @@ Remeasurement of defined benefit obligations comprises actuarial gains and losses and return on plan assets.
- ^ Exchange differences arising on translation of foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within the equity. The related cumulative amount is reclassified to profit or loss when the Group disposes or partially disposes off its interest in a foreign operation through sale, liquidation, repayment of share capital or abandonment of all, or part of, that entity.
- * The board of directors of the Company at its meeting held on 12 September 2018 declared an interim dividend amounting to USD 8,169,000 (USD 0.025 per equity share) to the shareholder of the Company.

The accompanying notes form an integral part of these consolidated financial statements.

**Consolidated Statements of Cash Flows
For the years ended 31 March 2019 and 2018**

	2019 USD	2018 USD
Cash flows from operating activities		
Profit before tax	100,121,951	72,851,546
Adjustments for:		
Depreciation, amortisation and impairment	40,141,930	55,719,525
Unrealised foreign exchange gain, net	(1,712,942)	(106,997)
Finance income	(5,124,173)	(4,606,794)
Finance costs	17,159,816	16,778,073
Change in fair value of debt instrument at FVPL	39,900,000	10,710,452
(Gain)/loss on disposal of property, plant and equipment (net)	(212,295)	121,623
Others, net	—	(2,114)
Operating cash flow before working capital changes	190,274,287	151,465,314
(Increase)/decrease in trade accounts receivable	(14,217,779)	6,792,570
Increase in other assets including other financial assets	(423,616)	(13,612,046)
(Increase)/decrease in inventories	(15,019,207)	1,302,714
Increase/(decrease) in trade payables	3,436,140	(8,817,419)
Increase in other liabilities including other financial liabilities	4,794,409	6,528,976
Cash generated from operations	168,844,234	143,660,109
Income taxes paid (net of refund)	(40,549,622)	(27,897,250)
Net cash generated from operating activities	128,294,612	115,762,859
Cash flows from investing activities		
Acquisition of property, plant and equipment and other intangible assets	(48,750,569)	(52,062,379)
Proceeds from disposal of property, plant and equipment	845,566	561,936
Acquisition of business (refer note 24)	(1,462,353)	(20,143,369)
Dividend received	—	2,114
Interest received	4,902,303	4,612,282
Change in bank deposits with original maturity of more than three months	(49,986,725)	13,256
Net cash used in investing activities	(94,451,778)	(67,016,160)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows (cont'd)
For the years ended 31 March 2019 and 2018

	2019	2018
	USD	USD
Cash flows from financing activities		
Proceeds from long-term loans and borrowings	197,177,361	—
Repayments of long term loans and borrowings ^	(138,652,299)	(51,421,174)
Repayments of short term loans repayable on demand, net	(2,618,698)	(779,046)
Repayments of short term loans to related parties, net	(1,045,869)	(715,569)
Dividend paid	(8,169,000)	—
Finance costs paid	(15,896,579)	(16,986,173)
Net cash generated from/(used in) financing activities	<u>30,794,916</u>	<u>(69,901,962)</u>
Net increase/(decrease) in cash and cash equivalents	64,637,750	(21,155,263)
Effect of exchange rate changes	(1,434,991)	(167,368)
Cash and cash equivalents at the beginning of the year	<u>27,086,489</u>	<u>48,409,120</u>
Cash and cash equivalents at the end of the year (refer note 10)	<u>90,289,248</u>	<u>27,086,489</u>

^ Revolver credit facility of Jubilant HollisterStier LLC amounting to USD Nil and USD 20,265,434 is presented on net basis during the year ended 31 March 2019 and 31 March 2018, respectively.

Notes to the consolidated financial statements

These notes form an integral part of the consolidated financial statements.

The consolidated financial statements were authorised for issue by the Board of Directors on 22 July 2019.

1 Corporate information

Jubilant Pharma Limited (“JPL, Singapore” or “the Company”) is incorporated and domiciled in Singapore. The address of its registered office is 80 Robinson Road, #02-00 Singapore 068898. The address of its principal place of business is 6 Temasek Boulevard, #20-06 Suntec Tower Four, Singapore 038986. These consolidated financial statements comprise the Company and its subsidiaries (including partnerships) (collectively hereinafter referred to as “the Group”).

Jubilant Life Sciences Limited (“Jubilant India”) is the immediate and ultimate holding company of JPL, Singapore.

The Group through its subsidiaries in United States, Canada, Europe, Asia and other geographies is engaged in manufacturing and marketing of various pharmaceutical products and services like active pharmaceutical ingredients, dosage forms (tablets and capsules), contract manufacturing of sterile injectables, allergy therapy products and radiopharmaceutical products in various markets spread over United States, Canada, Europe, Asia and other geographies identified on the basis of revenue earned.

The direct/indirect subsidiaries and partnerships of JPL, Singapore are as follows:

S. No.	Name of the entity	Country of incorporation	Name of the parent company/ investor	Date of incorporation/ acquisition by the Group
Subsidiaries				
1	Jubilant HollisterStier LLC ^	Unites States of America (USA)	HSL Holdings Inc.	31 May 2007
2	Jubilant DraxImage Inc. ^	Canada	Jubilant Pharma Limited	28 May 2008
3	HSL Holdings Inc. @	USA	Jubilant Pharma Holdings Inc.	16 May 2007
4	Jubilant Clinsys Inc. ^	USA	Jubilant Pharma Holdings Inc.	4 October 2005
5	Draximage Limited, Cyprus \$	Cyprus	Jubilant Pharma Limited	12 September 2008
6	Draximage Limited, Ireland \$	Ireland	Jubilant Pharma Limited	20 October 2008

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S. No.	Name of the entity	Country of incorporation	Name of the parent company/ investor	Date of incorporation/ acquisition by the Group
Subsidiaries				
7	Draximage LLC (merged into Jubilant DraxImage (USA) Inc. effective from 1 April 2017) ^	USA	Jubilant Pharma Limited	28 May 2008
8	Jubilant DraxImage (USA) Inc. ^	USA	Jubilant Pharma Limited	4 November 2008
9	Deprenyl Inc., USA (merged into Jubilant DraxImage (USA) Inc. effective from 1 April 2017) @	USA	Jubilant Pharma Limited	4 November 2008
10	6963196 Canada Inc. (merged with 6981364 Canada Inc. w.e.f. 1 April 2018) @	Canada	Jubilant DraxImage Inc.	28 May 2008
11	6981364 Canada Inc. @	Canada	Jubilant DraxImage Inc.	28 May 2008
12	DAHI Animal Health (UK) Limited (liquidated w.e.f. 19 December 2017) ^	United Kingdom (UK)	Jubilant DraxImage Inc.	28 May 2008
13	Draximage (UK) Limited ^	UK	Jubilant DraxImage Inc.	28 May 2008
14	Jubilant DraxImage Limited ^	India	Jubilant Pharma Limited	9 September 2009
15	Jubilant HollisterStier Inc. @	USA	HSL Holdings Inc.	1 October 2009
16	Draxis Pharma LLC @	USA	Jubilant HollisterStier Inc.	1 October 2009
17	Jubilant Pharma Holdings Inc. ^	USA	Jubilant Pharma Limited holds 84.48% Jubilant Generics Limited holds 15.52%	12 September 2005
18	Jubilant Cadista Pharmaceuticals Inc. ^	USA	Cadista Holdings Inc.	1 July 2005
19	Cadista Holding Inc. @	USA	Jubilant Pharma Holdings Inc.	1 July 2005
20	Jubilant Generics Limited ^	India	Jubilant Pharma Limited	25 November 2013
21	Jubilant Pharma Trading Inc. (merged with Jubilant Pharma Holdings Inc. w.e.f. 14 December 2018) ^	USA	Jubilant Pharma Holdings Inc.	24 April 2014

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S. No.	Name of the entity	Country of incorporation	Name of the parent company/ investor	Date of incorporation/ acquisition by the Group
Subsidiaries				
22	Jubilant Pharma NV @	Belgium	Jubilant Generics Limited holds 77.65% Jubilant Pharma Limited holds 22.35%	20 June 2014
23	Jubilant Pharmaceuticals NV ^	Belgium	Jubilant Pharma N.V. holds 99.81% Jubilant Pharma Limited holds 0.19%	20 June 2014
24	PSI Supply NV ^	Belgium	Jubilant Pharma N.V. holds 99.50% Jubilant Pharma Limited holds 0.50%	20 June 2014
25	Jubilant Pharma Australia Pty Limited ^	Australia	Jubilant Pharma Limited	11 August 2016
26	Jubilant Draximage Radiopharmacies Inc. ^	USA	Jubilant Pharma Holdings Inc.	8 March 2017
27	Jubilant Pharma SA (Pty) Ltd. ^	South Africa	Jubilant Pharma Limited	14 February 2019
Partnerships				
28	Jubilant HollisterStier General Partnership ^	Canada	Jubilant HollisterStier Inc. holds 99.99% Draxis Pharma LLC holds 0.01%	28 May 2008
29	Draximage General Partnership ^	Canada	Jubilant DraxImage Inc. holds 90% 6981364 Canada Inc. holds 10%	28 May 2008

^ represents operating entities
@ represents intermediate holding entities
\$ represents non-operating entities

The Group holds 100% directly or indirectly in each subsidiaries and partnerships.

2 Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

- (i) The consolidated financial statements have been prepared in compliance with International Financial Reporting Standard (IFRS) as issued by International Accounting Standard Board, to reflect the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group.

- (ii) Historical cost convention

These consolidated financial statements have been prepared under historical cost convention on accrual basis, unless otherwise stated.

2.2 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. Specifically, the Group controls an investee if and only if the Group has:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (i) The contractual arrangement with the other vote holders of the investee;
- (ii) Rights arising from other contractual arrangements;
- (iii) The Group's voting rights and potential voting rights; and
- (iv) The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. 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. 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 of 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.

2.3 Consolidation procedure

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- (c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. IAS 12 "Income Taxes" applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

2.4 Current versus non-current classification

The Group presents assets and liabilities in the Consolidated Statements of Financial Position based on current/ non-current classification.

An asset is treated as current when:

- It is expected to be realised or intended to be sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Each entity of the Group has identified twelve months as its operating cycle for the purpose of current and non-current classification of assets and liabilities.

2.5 Measurement of fair values

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

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

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

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

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of 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 categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

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

2.6 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 recognised in the Consolidated Statements 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, then it is not remeasured subsequently and settlement is accounted for within 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 recognised in Consolidated Statements 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 recognised in Consolidated Statements 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 recognised 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.

2.7 Property, plant and equipment (PPE) and intangible assets

(i) *Property, plant and equipment*

Freehold land is carried at cost. All other items of property, plant and equipment are stated at cost, which includes capitalised finance costs, less accumulated depreciation and any accumulated impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of an item of a PPE comprises its purchase price including import duty, and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition of its intended use 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 capitalised. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Advances paid towards acquisition of property, plant and equipment outstanding at each 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.

(ii) *Intangible assets*

- *Goodwill*

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised 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 recognised as an asset. With regard to other internally generated intangible assets:
 - Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Consolidated Statements of Profit or Loss and Other Comprehensive Income as incurred.
 - Development expenditure including regulatory cost and legal expenses leading to product registration/market authorisation relating to the new and/or improved product and/or process development is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and directly attributable finance costs (in the same manner as in the case of tangible fixed assets). Other development expenditure is recognised in the Consolidated Statements of Profit or Loss and Other Comprehensive Income as incurred.

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

(iii) Depreciation and amortisation methods, estimated useful lives and residual value

Property, plant and equipment are stated at cost less accumulated depreciation and amortisation. 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 Statements 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 capitalisation, whichever is shorter.

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

The estimated useful lives of intangibles are as follows:

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

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

(iv) Derecognition

A property, plant and equipment and intangible assets is derecognised on disposal or when no future economic benefits are expected from its use and disposal. Losses arising from retirement and gains or losses arising from disposal of a tangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Consolidated Statements of Profit or Loss and Other Comprehensive Income.

2.8 Impairment of non-financial assets

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

For impairment testing, assets that do not generate independent cash inflows 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 recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment loss recognised 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 recognised 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 amortisation, if no impairment loss had been recognised.

2.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) *Financial assets*

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Consolidated Statements of Profit or Loss and Other Comprehensive Income. The losses arising from impairment are recognised in the Consolidated Statements of Profit or Loss and Other Comprehensive Income. This category generally applies to trade and other receivables.

Debt instrument at FVOCI

A 'debt instrument' is classified as at the FVOCI if both of the following criteria are met:

- (a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- (b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Consolidated Statements of Profit or Loss and Other Comprehensive Income. Interest earned whilst holding FVOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVPL

FVPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVOCI, is classified as at FVPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVPL.

Debt instruments included within the FVPL category are measured at fair value with all changes recognised in the Consolidated Statements of Profit and Loss and Other Comprehensive Income.

Equity investments

All equity investments in scope of IFRS 9 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies are classified as at FVPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Consolidated Statements of Profit or Loss and Other Comprehensive Income, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the Consolidated Statements of Profit or Loss and Other Comprehensive Income.

Impairment of financial assets

The Group recognises loss allowance using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all financial assets with contractual cash flows other than trade receivables, ECLs are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of ECL (or reversal) that is required to adjust the loss allowance at the reporting date is recognised as an impairment gain or loss in the Consolidated Statements of Profit or Loss and Comprehensive Income.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's Statement of Financial Position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

(ii) Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVPL. A financial liability is classified as at FVPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Consolidated Statements of Profit or Loss and Other Comprehensive Income. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Consolidated Statements of Profit or Loss and Other Comprehensive Income. Any gain or loss on derecognition is also recognised in Consolidated Statements of Profit or Loss and Other Comprehensive Income.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Consolidated Statements of Profit or Loss and Other Comprehensive Income.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Consolidated Statements of Financial Position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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2.10 Inventories

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

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

Raw materials	Weighted average method
Stores and spares	Weighted average method
Work-in-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 realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

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

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

2.11 Cash and cash equivalents

Cash and cash equivalent comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.12 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Decommissioning provisions

In accordance with the applicable regulatory requirements, a decommissioning provision in respect of estimated costs of dismantling and removing certain machinery and equipment to be performed at the time it is disposed off is recognised. The provision is measured at the present value of the best estimate of the decommissioning costs.

2.13 Revenue recognition

Effective 1 April 2018, the Group adopted IFRS 15 “Revenue from Contracts with Customers” using the cumulative catch-up transition method, applied to contracts that were not completed as at 1 April 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. There is no material effect on adoption of IFRS 15 on the consolidated financial statements.

Revenue from sale of products is recognised when the Group satisfies a performance obligation upon transfer of control of promised products to the customers at the time of shipment to or receipt of goods by the customers. Service income is recognised when the Group satisfies a performance obligation as and when the underlying services are performed. Any fees including upfront fees received in relation to contract manufacturing arrangements is recognised over the period over which the Group satisfies the underlying performance obligations.

The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc. Invoices are issued as per the general business terms and are payable in accordance with the contractually agreed credit period.

Revenues are measured based on the transaction price allocated to the performance obligation, which is the consideration, net of tax collected from customers and remitted to government authorities such as sales tax, excise duty, value added tax and applicable discounts and allowances including charge-backs, expected sales return and bill backs. The computation of these estimates using expected value method involves significant judgment based on various factors including contractual terms, historical experience, estimated inventory levels and expected sell-through levels in supply chain. The transaction price is allocated to each performance obligation in the contract on the basis of the relative standalone selling prices of the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes significant financing component.

Contract assets are recognised when there is excess of revenue earned over billings on contracts, excluding amounts classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Contract liabilities are recognised when there are billings in excess of revenues. Contract liabilities relate to the advance received from customers and deferred revenue against which revenue is recognised when or as the performance obligation is satisfied.

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

2.14 Employee benefits

- (i) *Short-term employee benefits:* All employee benefits falling due within twelve months of the end of the period in which the employees render the related services are classified as short-term employee benefits, which include benefits like salaries, wages, short term compensated absences, performance incentives, etc. and are recognised as expenses in the period in which the employee renders the related service and measured accordingly.
- (ii) *Post-employment benefits:* Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

- (a) Gratuity

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

- (b) Provident fund

- (i) The Group makes contribution to the recognised provident fund – “VAM Employees Provident Fund Trust” (a multiemployer trust) for most of its employees in India, which is a defined benefit plan to the extent that the Group has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The Group's obligation in this regard is determined by an independent actuary and provided for if the circumstances indicate that the Trust may not be able to generate adequate returns to cover the interest rates notified by the Government.

For other employees in India, provident fund is deposited with Regional Provident Fund Commissioner. This is treated as defined contribution plan.

- (ii) Group's contribution to the provident fund is charged to Consolidated Statements of Profit or Loss and Other Comprehensive Income.
- (c) The Group make contribution to various social security plans and insurance schemes as per local requirements and generally accepted practices in their respective country of incorporation. Such contributions are charged to Consolidated Statements of Profit

or Loss and Other Comprehensive Income on accrual basis in the year in which liability to pay arise.

(iii) *Other long-term employee benefits*

Compensated absences

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

(iv) *Termination benefits*

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

(v) *Actuarial valuation*

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

Past service cost is recognised as an expense in the Consolidated Statements 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 recognised immediately in the Consolidated Statements 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).

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2.15 Finance costs and finance income

Finance costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Finance cost also includes exchange differences to the extent regarded as an adjustment to the finance costs. Finance costs that are directly attributable to the construction or production or development of a qualifying asset are capitalised as part of the cost of that asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. All other finance costs are expensed in the period in which they occur.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the finance costs eligible for capitalisation. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Consolidated Statements of Profit or Loss and Other Comprehensive Income over the period of the borrowings using the effective interest method. Ancillary costs incurred in connection with the arrangement of borrowings are amortised over the period of such borrowings.

Finance income consists of interest income. Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability. In calculating interest income or expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

2.16 Income tax

Income tax expense comprises current and deferred tax. It is recognised in Consolidated Statements of Profit or Loss and Other Comprehensive Income except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

- *Current tax:*

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

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

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- *Deferred tax:*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to freehold land and investment in subsidiaries, to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. MAT is a tax liability of an Indian company computed at specified rate on adjusted book profits as per applicable provisions of the Indian Income Tax Act. An Indian company is liable to pay MAT, if the income tax payable under normal provisions of the Indian Income Tax Act is less than tax payable under MAT.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Deferred income tax are not provided on the undistributed earnings of the subsidiaries where it is expected that the earnings of the subsidiary will not be distributed in the foreseeable future.

2.17 Leases

At the inception of each lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

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Finance leases

Assets leased by the Group in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Group are classified as finance leases. A finance lease is recognised as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Consolidated Statements of Profit or Loss and Other Comprehensive Income on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

2.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chairman and Managing Director of the Company is responsible for allocating resources and assessing performance of the operating segments and accordingly identified as the chief operating decision maker. Revenues, expenses, assets and liabilities, which are common to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been treated as "unallocated revenues/expenses/ assets/liabilities", as the case may be.

2.19 Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in U.S. Dollars ("USD").

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at Reporting date exchange rates are generally recognised in Consolidated Statements 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 FVOCI are recognised in other comprehensive income (OCI).

Effective 1 April 2018, the Group has adopted IFRS interpretation IFRIC 22 - *Foreign Currency Transactions and Advance Consideration* which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. There is no significant impact on account of adoption of this amendment.

(iii) *Group companies*

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

- 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 Reporting date.
- All resulting exchange differences are recognised in Other Comprehensive Income.

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

The items of Consolidated Statements of Cash Flows 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.

2.20 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to income are deferred and recognised in the Consolidated Statements of Profit or Loss and Other Comprehensive Income over the period necessary to match them with the costs that they are intended to compensate and presented within other operating revenue.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to Consolidated Statements of Profit or Loss and Other Comprehensive Income on a straight-line basis over the expected lives of the related assets and presented within other income.

2.21 Critical estimates and judgements

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes.

- Impairment of non-financial assets – Note 2.8 and 4
- Assessment of useful life of property, plant and equipment and intangible asset – Note 2.7(iii)
- Acquisition of business – Note 2.6 and 24
- Valuation of Inventories – Note 8
- Recognition of revenue and related accruals – Note 2.13
- Fair value measurements of convertible debt instrument – Note 11

2.22 Recent accounting pronouncements

Standards issued but not adopted

A number of new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these financial statements. The Group has not early adopted the following new or amended standards in preparing these consolidated financial statements.

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 1 January 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 recognises 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 financial statements. The actual impact of applying IFRS 16 on the consolidated financial statements in the period of initial application will depend on future economic conditions, including the Group's borrowing rate at 1 April 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 recognise new assets and liabilities for its operating leases of warehouse and factory facilities. As at 31 March 2019, the Group's future minimum lease payments under non-cancellable operating leases amounted to USD 9,778,580, on an undiscounted basis (refer note 33(ii)), represent 0.93% of the consolidated total assets and 1.52% of the consolidated total liabilities. Under the new standard, remaining lease payments of the operating leases will be recognised 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.

i. Determining whether an arrangement contains a lease

On transition to IFRS 16, the Group can choose whether to:

- apply the IFRS 16 definition of a lease to all its contracts; or
- apply a practical expedient and not reassess whether a contract is, or contains, a lease.

The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before 1 April 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

ii. Transition

As a lessee, the Group can either apply the standard using a:

- retrospective approach; or
- modified retrospective approach with optional practical expedients.


The lessee applies the election consistently to all of its leases.

The Group plans to apply IFRS 16 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 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 expedients on transition. The Group is assessing the potential impact of using these practical expedients.

IAS 19, Employee Benefits

In February 2018, the IASB issued amendments to IAS 19 – “Employee Benefits” regarding plan amendments, curtailments and settlements. The amendments are as follows:



- If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement;
- In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding asset ceiling.

The above amendments are effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted but must be disclosed. The Group is currently in the process of evaluating the impact of this change on its consolidated financial statements.

IFRS 3, Business Combinations

In October 2018, the IASB issued amendments to IFRS 3 – “Business Combinations” regarding the definition of a “Business”. The amendments:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The above amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. The Group is currently in the process of evaluating the impact of this change on its consolidated financial statements.

IFRIC 23, Uncertainty over Income Tax treatments

On 7 June 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 recognise 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 effective date for adoption of IFRIC 23 is annual periods beginning on or after 1 January 2019, though early adoption is permitted. The Group is currently in the process of evaluating the impact of this change on its consolidated financial statements.

3 Property, plant and equipment

	Land- freehold	Buildings- factory	Buildings- others	Furniture and fixtures	Plant and equipment	Office equipment	Vehicles- owned	Vehicles- leased	Capital work- in-progress	Total
(Amounts in USD)										
Gross carrying amount as at 1 April 2017	6,972,909	109,566,174	1,994,069	8,244,377	263,629,748	11,452,905	109,537	318,942	22,996,023	425,284,684
Additions on business combination (refer note 24)	—	—	—	2,655,423	2,051,158	341,902	—	2,912,840	537,887	8,499,210
Other additions	—	2,385,624	—	709,187	20,969,778	1,354,610	—	510,091	28,607,126	54,536,416
Deductions	—	—	—	(212,534)	(897,865)	(1,253,636)	—	(97,299)	(24,228,274)	(26,689,608)
Foreign currency translation adjustment	70,871	451,161	(10,949)	34,912	1,310,665	136,195	58	(1,755)	79,921	2,071,079
Gross carrying amount as at 31 March 2018	7,043,780	112,402,959	1,983,120	11,431,365	287,063,484	12,031,976	109,595	3,642,819	27,992,683	463,701,781
Accumulated depreciation as at 1 April 2017	—	29,638,595	435,733	5,164,697	118,534,199	8,734,746	96,505	157,944	—	162,762,419
Depreciation charge for the year	—	3,890,229	25,455	1,259,746	15,689,037	1,057,483	6,305	1,226,658	—	23,154,913
Deductions	—	—	—	(202,964)	(296,968)	(1,226,880)	—	(50,997)	—	(1,777,809)
Foreign currency translation adjustment	—	215,156	(3,653)	17,248	838,780	130,409	(608)	(987)	—	1,196,345
Accumulated depreciation as at 31 March 2018	—	33,743,980	457,535	6,238,727	134,765,048	8,695,758	102,202	1,332,618	—	185,335,868
Net carrying amount as at 31 March 2018	7,043,780	78,658,979	1,525,585	5,192,638	152,298,436	3,336,218	7,393	2,310,201	27,992,683	278,365,913

	Land- freehold	Buildings- factory	Buildings- others	Furniture and fixtures	Plant and equipment	Office equipment	Vehicles- owned	Vehicles- leased	Capital work- in-progress	Total
(Amounts in USD)										
Gross carrying amount										
as at 1 April 2018	7,043,780	112,402,959	1,983,120	11,431,365	287,063,484	12,031,976	109,595	3,642,819	27,992,683	463,701,781
Additions	—	4,776,189	1,375,696	2,373,202	25,087,013	2,635,749	17,953	2,430,171	35,814,001	74,509,974
Deductions	(199,470)	—	—	(30,283)	(599,800)	(84,299)	(964)	(395,268)	(35,357,575)	(36,667,659)
Foreign currency translation adjustment	(196,777)	(1,722,756)	(109,926)	(332,216)	(9,063,801)	(311,301)	(6,946)	(22,621)	(916,858)	(12,683,202)
Gross carrying amount										
as at 31 March 2019	6,647,533	115,456,392	3,248,890	13,442,068	302,486,896	14,272,125	119,638	5,655,101	27,532,251	488,860,894
Accumulated depreciation										
as at 1 April 2018	—	33,743,980	457,535	6,238,727	134,765,048	8,695,758	102,202	1,332,618	—	185,335,868
Depreciation charge for the year	—	3,935,569	51,408	1,669,586	16,304,487	1,201,661	2,819	2,196,428	—	25,361,958
Deductions	—	—	—	(24,928)	(252,323)	(45,470)	—	(204,392)	—	(527,113)
Foreign currency translation adjustment	—	(608,185)	(39,823)	(210,922)	(4,423,744)	(228,642)	(6,621)	(11,742)	—	(5,529,679)
Accumulated depreciation										
as at 31 March 2019	—	37,071,364	469,120	7,672,463	146,393,468	9,623,307	98,400	3,312,912	—	204,641,034
Net carrying amount										
as at 31 March 2019	6,647,533	78,385,028	2,779,770	5,769,605	156,093,428	4,648,818	21,238	2,342,189	27,532,251	284,219,860

Note: Property, plant and equipment includes finance cost capitalised on general borrowings with a capitalisation rate of 7.41% and 5.95% during the years ended 31 March 2019 and 31 March 2018, respectively:

	2019 USD	2018 USD
Finance costs capitalised	130,488	146,550

4 Intangible assets

(Amounts in USD)

	Other intangible assets						Goodwill
	Internally generated product registration/ market authorisation	Acquired product registration/ market authorisation	Acquired patent, trademarks/ trade names and customer contracts	Softwares	Intangible assets under development [note (a)]	Total other intangible assets	
Gross carrying amount as at 1 April 2017	81,890,404	29,748,233	17,855,244	19,591,116	83,998,068	233,083,065	153,002,409
Additions on business combination (refer note 24)	—	—	1,310,000	237,602	66,737	1,614,339	11,373,834
Other additions	23,458,559	—	—	1,608,217	20,763,120	45,829,896	—
Deductions ⁽²⁾	—	—	(2,440,000)	(1,703,502)	(44,147,624)	(48,291,126)	—
Foreign currency translation adjustments	651,865	1,264,005	471,638	209,075	1,556,351	4,152,934	4,257,906
Gross carrying amount as at 31 March 2018	106,000,828	31,012,238	17,196,882	19,942,508	62,236,652	236,389,108	168,634,149
Accumulated amortisation as at 1 April 2017	46,799,436	28,803,463	17,855,244	14,019,057	—	107,477,200	—
Amortisation for the year	10,279,095	982,801	167,473	2,054,395	—	13,483,764	—
Deductions	—	—	(2,440,000)	(1,703,502)	—	(4,143,502)	—
Foreign currency translation adjustments	335,737	1,225,974	475,121	214,454	—	2,251,286	—
Accumulated amortisation as at 31 March 2018	57,414,268	31,012,238	16,057,838	14,584,404	—	119,068,748	—
Net carrying amount as at 31 March 2018	48,586,560	—	1,139,044	5,358,104	62,236,652	117,320,360	168,634,149
Gross carrying amount as at 1 April 2018	106,000,828	31,012,238	17,196,882	19,942,508	62,236,652	236,389,108	168,634,149
Additions	7,709,756	—	—	638,612	14,906,911	23,255,279	—
Deductions ⁽²⁾	—	(144,445)	—	—	(9,403,511)	(9,547,956)	—
Foreign currency translation adjustments	(4,056,594)	(1,350,966)	(432,585)	(458,973)	(3,456,505)	(9,755,623)	(4,121,252)
Gross carrying amount as at 31 March 2019	109,653,990	29,516,827	16,764,297	20,122,147	64,283,547	240,340,808	164,512,897
Accumulated amortisation as at 1 April 2018	57,414,268	31,012,238	16,057,838	14,584,404	—	119,068,748	—
Amortisation for the year	12,157,274	—	272,717	1,393,571	—	13,823,562	—
Deductions	—	(144,445)	—	—	—	(144,445)	—
Foreign currency translation adjustments	(1,857,230)	(1,350,966)	(432,585)	(290,159)	—	(3,930,940)	—
Accumulated amortisation as at 31 March 2019	67,714,312	29,516,827	15,897,970	15,687,816	—	128,816,925	—
Net carrying amount as at 31 March 2019	41,939,678	—	866,327	4,434,331	64,283,547	111,523,883	164,512,897

Note (a): Include finance cost capitalised on general borrowings with a capitalisation rate of 7.41% and 5.95% during the years ended 31 March 2019 and 31 March 2018, respectively:

	2019 USD	2018 USD
Finance costs capitalised	411,942	1,333,340

(1) Impairment testing of goodwill

For the purposes of impairment testing, goodwill is allocated to the Group's CGUs which represents the lowest level at which the goodwill is monitored for internal management purposes, which is not higher than the Group's operating segments.

The aggregate carrying amounts of goodwill allocated to CGU are as follows:

	2019	2018
	USD	USD
Allergy Therapy	14,149,899	14,149,899
Radiopharmaceutical	62,160,075	64,323,903
Generics	19,802,729	20,874,585
Contract Manufacturing Operation	68,400,194	69,285,762
Total goodwill	164,512,897	168,634,149

The recoverable amount of the cash generating units was based on its value in use. The value in use of these units was determined to be higher than the carrying amount. The Group performed an analysis of the sensitivity towards change in key assumptions. Based on such analysis, the Group believes that any reasonably possible change in key assumptions on which recoverable amount of the above mentioned CGUs is based would not cause the carrying amount to exceed the recoverable amount of related CGUs.

Value in use was determined by discounting the future cash flows generated from the continuing use of CGU. The calculation was based on the following key assumptions:

- (a) The anticipated annual revenue growth and margin included in the cash flow projections are based on past experience, actual operating results and the 5-year business plan in all periods presented.
- (b) The terminal growth rate represents management view on the future long-term growth rate.

	2019	2018
Allergy Therapy	3%	3%
Radiopharmaceutical	1%-3%	3%
Generics	2%-5%	2%-5%
Contract Manufacturing Operation	3%	3%

- (c) The pre-tax discount rate was estimated based on past experience and taking into consideration the industry's weighted average cost of capital.

	2019	2018
Allergy Therapy	10%	9%
Radiopharmaceutical	9%-10%	8%-9%
Generics	8%-12%	8%-13%
Contract Manufacturing Operation	10%-12%	11%-12%

- (d) The values assigned to the key assumptions represent the management's assessment of future trends in the industry and based on both internal and external sources.

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(2) Impairment testing of intangible assets

The carrying value of internally generated product registration/market authorisation and other intangibles (including intangible assets under development) has been reviewed and based on prevailing market conditions driven by withdrawal of product filing, uneconomic pricing market conditions, technical and financial assessment, USD Nil and USD 9,014,429 have been charged off in Specialty Pharmaceuticals segment and USD 1,484,150 and USD 10,066,419 have been charged off in Generics segment during the years ended 31 March 2019 and 31 March 2018, respectively and included under amortisation expense for the year/deductions to gross carrying amount of intangible assets under development and under depreciation, amortisation and impairment in the Consolidated Statements of Profit or Loss. The estimate of value in use was determined using a discount rate of 10%-11% for all periods presented.

5 Investments

	2019	2018
	USD	USD
Investment in debt instruments (at fair value through profit or loss)		
Convertible note and warrants		
Muroplex Therapeutics, Inc.*	—	—

- * Debt instruments amounting to 268,487, represents strategic investment in a private company with options to convert into equity shares at the time of maturity. The investment was fully impaired in 2011 due to recurring operating losses at the investee company.

6 Other financial assets

	2019 USD	2018 USD
Non-current		
Loan to related party (refer note 30)	46,992,481	49,869,572
Deposits with maturity after 12 months from the reporting date *	2,545	2,447
Others	1,058,198	971,656
Total non-current other financial assets	<u>48,053,224</u>	<u>50,843,675</u>
Current		
Advances recoverable from related parties (refer note 30)	241,798	821,280
Deposits with maturity up to 12 months from the reporting date *	50,060,803	78,945
Unbilled receivables	8,130,963	7,115,404
Others	981,842	663,842
Total current other financial assets	<u>59,415,406</u>	<u>8,679,471</u>
Total other financial assets	<u>107,468,630</u>	<u>59,523,146</u>

* USD 63,348 and USD 81,392 as at 31 March 2019 and 31 March 2018, respectively have restricted use.

Loan to related party is unsecured, interest bearing at 8.5% per annum ('p.a.') and is repayable on 13 October 2021.

7 Other assets

	2019 USD	2018 USD
Non-current		
Advances for capital expenditures	2,880,355	4,763,262
Total other non-current assets	<u>2,880,355</u>	<u>4,763,262</u>
Current		
Prepaid expenses	8,215,959	7,281,252
Advance for supply of goods and services	1,641,670	1,418,251
Recoverable from government authorities	14,120,243	12,015,799
Government grants recoverable	1,675,015	1,863,667
Others	993,678	634,457
Total other current assets	<u>26,646,565</u>	<u>23,213,426</u>
Total other assets	<u>29,526,920</u>	<u>27,976,688</u>

8 Inventories

	2019 USD	2018 USD
Raw materials	27,146,752	23,075,415
Work-in-progress	37,494,598	33,084,919
Finished goods	30,504,944	27,344,421
Stock-in-trade	2,565,070	2,026,475
Stores and spares	13,565,275	12,017,897
Packing material	12,952,397	14,611,553
Others- process chemicals and fuels	138,516	25,209
Total inventories	<u>124,367,552</u>	<u>112,185,889</u>

Amounts recognised in Statement of Profit or Loss and Other comprehensive income

	2019 USD	2018 USD
Inventories written down*	<u>13,429,614</u>	<u>5,980,498</u>

* represents amount recognised as an expense pursuant to discards and write down to net realisable value during the year and included in cost of sales.

Cost of inventories (including cost of purchased products) recognised as an expense amounted to USD 427,792,407 and USD 361,282,117 for the years ended 31 March 2019 and 31 March 2018, respectively.

9 Trade receivables

	2019 USD	2018 USD
Current		
Trade receivables	118,896,859	107,311,463
Receivables from related parties (refer note 30)	251,971	326,986
Less: Loss allowance	<u>(2,351,063)</u>	<u>(1,696,482)</u>
Total receivables	<u>116,797,767</u>	<u>105,941,967</u>

The Group exposure to credit and currency risk, and loss allowance related to trade receivables are disclosed in note 27.

10 Cash and cash equivalents

	2019 USD	2018 USD
Balances with banks		
- in current accounts	50,078,546	25,511,998
- in deposit accounts with original maturity of three months or less	40,000,000	—
Cash on hand	10,323	13,438
Others		
- Funds in transit	200,379	1,561,053
Total cash and cash equivalents	<u>90,289,248</u>	<u>27,086,489</u>

11 Loans and borrowings

a) Non-current

	2019 USD	2018 USD
Convertible debt instrument at FVPL	—	96,900,000
Senior Bonds at amortised cost	500,000,000	300,000,000
Finance lease obligations at amortised cost	1,159,566	561,061
Debt initiation cost and legal fees	(5,308,869)	(3,458,775)
Total non-current loans and borrowings	<u>495,850,697</u>	<u>394,002,286</u>

b) Current

	2019 USD	2018 USD
Current maturities of non-current finance lease obligations	1,119,702	1,245,835
Short term loans repayable on demand	8,834,809	12,170,013
Loans from related parties (refer note 30)	—	1,074,115
Total current loans and borrowings	<u>9,954,511</u>	<u>14,489,963</u>

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

Nature of loan and borrowings	Maturity pattern	2019		2018			
		Interest rate %	Face value USD	Carrying amount USD	Interest rate %	Face value USD	Carrying amount USD
Convertible debt instrument ^^	Refer note ^^	-	-	-	Refer note ^^	58,200,000	96,900,000
Senior Bond 2021 @@	Repayable in 2021	4.875%	300,000,000	297,473,655	4.875%	300,000,000	296,541,225
Senior Bond 2024 @	Repayable in 2024	6%	200,000,000	197,217,476	-	-	-
Finance lease obligations	Monthly instalments ending in 2023	12%-13%	149,557	149,557	12%-13%	197,489	197,489
Finance lease obligations	Monthly instalments ending in 2018	-	-	-	12%-13%	1,496	1,496
Finance lease obligations	Monthly instalments ending in 2022	6%-8%	2,129,711	2,129,711	6%-8%	1,607,911	1,607,911
Total			502,279,268	496,970,399		360,006,896	395,248,121
Less: Current maturities of finance lease obligations (included in current loans and borrowings)			(1,119,702)	(1,119,702)		(1,245,835)	(1,245,835)
Non-current borrowings			501,159,566	495,850,697		358,761,061	394,002,286

The terms of the loan arrangement contain certain restrictive covenants, mainly the requirements to maintain certain financial ratios. The Group was in compliance of such covenants as at 31 March 2019 and 31 March 2018.

@@ During the year ended 31 March 2017, the Group issued unsecured 4.875% Senior Notes amounting to USD 300,000,000, repayable in single instalment in October 2021, with a prepayment option. The terms of the offering memorandum contain certain restrictive covenants, mainly the requirements to maintain certain financial ratios. The Group was in compliance of such covenants as at 31 March 2019 and 31 March 2018.



@ During the year ended 31 March 2019, the Group issued unsecured 6% Senior Notes amounting to USD 200,000,000, repayable in single instalment in March 2024, with a prepayment option. The terms of the offering memorandum contain certain restrictive covenants, mainly the requirements to maintain certain financial ratios. The Group was in compliance of such covenants as at 31 March 2019.

^^ During the year ended 31 March 2015, the Company had obtained a unsecured loan amounting to USD 60,000,000 from International Finance Corporation (IFC), due for bullet repayment along with the repayment premium in accordance with the terms of the contract in two equal instalments on 15 June 2020 (end of First repayment date i.e. 5 years from the date of disbursement) and 15 June 2021 (end of Final repayment date i.e. 6 years from the date of disbursement) if on or prior to such First repayment date there has been (a) neither a Private Equity (PE) Investment nor a Qualifying IPO or (b) a PE Investment has occurred but IFC has not converted the entire loan into shares and there has been no Qualifying IPO. The term loan carries a differential return (in the form of discount in the event of conversion and premium in the event of redemption) to IFC under various scenarios based on the probabilities of occurrence of Private Equity (PE) Investment, Qualifying IPO and redemption. This instrument is considered as convertible debt as the characteristic of this instrument do not expose the counterparty to risk and rewards similar to those of an owner and, therefore, do not create a shareholder relationship. Accordingly, this instrument has been classified as debt instrument.

Since inception, the management has always considered redemption as not probable. Further, during the year ended 31 March 2016, the management had assigned higher probabilities to PE Investments. However, during the years ended 31 March 2017 and 31 March 2018, the management reassessed the probability and assigned higher probability towards qualifying IPO. The return to the investor in the form of discount in conversion price is higher in the event of conversion at the time of qualifying IPO and therefore reassessment of probability resulted in Group recognising incremental cumulative expense in the year ended 31 March 2017. Based on these probabilities, pursuant to increase in fair value of this instrument (refer note 26), the Group has recognised total expense of USD 10,000,000 and USD 18,000,000 for the years ended 31 March 2018 and 31 March 2017, respectively in the consolidated financial statements.

During the year ended 31 March 2019, the Company has fully redeemed this loan on one time settlement of USD 135,000,000 based on mutual agreement. Post such one time settlement, any and all obligations of the Company to IFC under the aforesaid contract have been irrevocably and unconditionally extinguished and settled in full. The payment has been made from the proceeds of five year rated unsecured bonds of USD 200,000,000 raised by the Company in international market in March 2019. Pursuant to such settlement, during the year ended 31 March 2019, the Group has recognised a charge of USD 39,900,000 in the consolidated financial statements.

c) Assets pledged as security

Assets with following carrying amounts are pledged as collateral/security against loans and borrowings at year end.

	2019	2018
	USD	USD
Inventories	45,092,488	37,904,068
Financial assets	36,521,184	31,789,737
	<u>81,613,672</u>	<u>69,693,805</u>

d) Reconciliation of movements of liabilities to cash flows arising from financing activities

	As at 31 March 2017	Non-cash changes							As at 31 March 2018
		Financing cash flows	Fair value adjustment	Acquisition through business combination	New finance leases	Foreign currency translation adjustment	Amortisation of transaction costs	Finance costs expensed	Finance costs capitalised
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Convertible debt instrument	86,189,548	-	10,710,452	-	-	-	-	-	96,900,000
Term loans	28,415,788	(30,002,410)	-	-	-	1,146,145	440,477	-	-
Revolver credit loan	20,265,434	(20,265,434)	-	-	-	-	-	-	-
Senior Bond 2021	295,656,100	-	-	-	-	-	885,125	-	296,541,225
Finance lease obligations	171,324	(1,153,330)	-	2,370,629	510,091	(91,818)	-	-	1,806,896
Short term loans repayable on demand	12,586,899	(779,046)	-	633,093	-	(270,933)	-	-	12,170,013
Loans from related parties	1,800,000	(715,569)	-	-	-	(10,316)	-	-	1,074,115
Interest accrued	7,169,928	(16,986,173)	-	-	-	(24,877)	(1,325,602)	16,778,073	7,091,239
Total	452,255,021	(69,901,962)	10,710,452	3,003,722	510,091	748,201	-	16,778,073	415,583,488

	As at 31 March 2018	Non-cash changes							As at 31 March 2019
		Financing cash flows	Fair value adjustment	New finance leases	Foreign currency translation adjustment	Amortisation of transaction costs	Finance costs expensed	Finance costs capitalised	
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Convertible debt instrument	96,900,000	(136,800,000)	39,900,000	-	-	-	-	-	-
Senior Bond 2021	296,541,225	-	-	-	-	932,430	-	-	297,473,655
Senior Bond 2024	-	197,177,361	-	-	-	40,115	-	-	197,217,476
Finance lease obligations	1,806,896	(1,852,299)	-	2,430,171	(105,500)	-	-	-	2,279,268
Short term loans repayable on demand	12,170,013	(2,618,698)	-	-	(716,506)	-	-	-	8,834,809
Loans from related parties	1,074,115	(1,045,869)	-	-	(28,246)	-	-	-	-
Interest accrued	7,091,239	(15,896,579)	-	-	30,266	(972,545)	17,159,816	542,430	7,954,627
Total	415,583,488	38,963,916	39,900,000	2,430,171	(819,986)	-	17,159,816	542,430	513,759,835

12 Other financial liabilities

	2019 USD	2018 USD
Current		
Interest accrued but not due on borrowings	7,954,627	7,091,239
Capital creditors	2,540,691	2,635,998
Others	1,076,207	1,761,631
Total current other financial liabilities	<u>11,571,525</u>	<u>11,488,868</u>

13 Deferred tax

Deferred income taxes reflect the net tax effects of temporary difference between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Group's net deferred income taxes are as follows:

Deferred tax assets:

	Research & Development and other tax credits USD	Tax losses carried forward USD	Accrued expenses USD	MAT Credit entitlement USD	Others USD	Total USD
As at 1 April 2017	(210,754)	27,273,589	19,130,473	8,323,950	2,420,588	56,937,846
(Charged)/Credited:						
- to profit and loss	256,734	7,000,618	(7,498,274)	1,776,158	1,797,804	3,333,040
- to other comprehensive income	—	—	26,237	—	—	26,237
- foreign currency translation reserve	—	(117,783)	(10,683)	(57,710)	2,826	(183,350)
- utilisation of tax losses carried forward*	—	(4,516,001)	—	—	—	(4,516,001)
As at 31 March 2018	45,980	29,640,423	11,647,753	10,042,398	4,221,218	55,597,772
(Charged)/Credited:						
- to profit and loss	(12,094)	(1,566,637)	398,641	6,441,461	(214,466)	5,046,905
- to other comprehensive income	—	—	(31,863)	—	—	(31,863)
- foreign currency translation reserve	—	(1,571,874)	(85,454)	(521,253)	(6,791)	(2,185,372)
As at 31 March 2019	33,886	26,501,912	11,929,077	15,962,606	3,999,961	58,427,442

* represents utilisation of tax losses carried forward pursuant to carry back of tax losses against taxable income of earlier years as per US tax laws.

Deferred tax liabilities:

	PPE/ Intangibles USD	Others USD	Total USD
As at 1 April 2017	50,874,595	534,743	51,409,338
Charged/(Credited):			
- to profit and loss	(5,323,091)	(86,995)	(5,410,086)
- to other comprehensive income	—	—	—
- foreign currency translation reserve	527,855	4,502	532,357
As at 31 March 2018	46,079,359	452,250	46,531,609
Charged/(Credited):			
- to profit and loss	10,680,578	209,386	10,889,964
- to other comprehensive income	—	—	—
- foreign currency translation reserve	(1,350,292)	(17,894)	(1,368,186)
As at 31 March 2019	55,409,645	643,742	56,053,387

Reflected in the Statement of financial position as follows:

Deferred tax assets and liabilities are offset to the extent there is legally enforceable rights to set off the recognised amounts, and it is intended to realise the assets and settle the liability on a net basis or simultaneously.

	2019 USD	2018 USD
Deferred tax assets	22,841,583	25,759,953
Deferred tax liabilities	(20,467,528)	(16,693,790)
Deferred tax assets/(liabilities) (net)	2,374,055	9,066,163

In assessing the realisability of deferred income tax assets, management considers that ultimate realisation of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Group will realise the benefits of those deductible differences. Accordingly, amount of the deferred income tax assets are considered realisable.

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Reconciliation of deferred tax liabilities/(assets) (net)

	2019	2018
	USD	USD
Balance as at the commencement of the year	(9,066,163)	(5,528,508)
Tax expense/(benefit) during the year recognised in statement of profit or loss	5,843,059	(8,743,126)
Tax expense/(benefit) during the year recognised in other comprehensive income	31,863	(26,237)
Utilisation of tax losses carried forward	—	4,516,001
Foreign currency translation adjustment	817,186	715,707
Balances as at the end of the year	<u>(2,374,055)</u>	<u>(9,066,163)</u>

a) Tax losses

	2019	2018
	USD	USD
Tax losses for which no deferred tax has been recognised	<u>847,057</u>	<u>1,187,463</u>

Tax losses of USD 548,854 and USD 499,910 as at 31 March 2019 and 31 March 2018 expire between 2019 and 2027. The remaining tax losses do not expire under the current tax legislation.

Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future.

b) Unrecognised temporary differences

	2019	2018
	USD	USD
Undistributed earnings	417,366,683	315,858,162
Indexation benefit of investment in subsidiaries	2,276,491	1,932,695
Indexation benefit of freehold land	<u>335,622</u>	<u>286,871</u>

Deferred tax asset has not been recognised on the above temporary differences as the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary differences will not reverse in foreseeable future.

Wb *Wb*

14 Provisions

	2019 USD	2018 USD
Non-current		
Decommissioning provisions	2,186,758	2,168,810
Total non-current provisions	2,186,758	2,168,810
Current		
Provision for sales return	3,074,887	—
Total current provisions	3,074,887	—
Total provisions	5,261,645	2,168,810

The following table presents the movement in the decommissioning provisions during the year:

	2019 USD	2018 USD
Balance at beginning of year	2,168,810	—
Acquired during the year (refer note 24)	—	2,158,863
Unwinding of discount	17,948	9,947
Balance at end of year	2,186,758	2,168,810

During the year ended 31 March 2018, pursuant to business combination (refer note 24), the Group acquired decommissioning provisions aggregating to USD 2,158,863 arising from regulatory requirements to perform certain asset disposal activities at the time that certain machinery and equipment is disposed off and an unwinding of the discount of USD 17,948 and USD 9,947 has been recognised during the year ended 31 March 2019 and 31 March 2018, respectively.

15 Other liabilities

	2019 USD	2018 USD
Non-current		
Contract liabilities	647,026	987,709
Deferred income - government grant	757,698	202,827
Total non-current other liabilities	1,404,724	1,190,536
Current		
Contract liabilities	4,599,905	5,683,846
Statutory dues payables	3,243,252	2,885,118
Deferred income - government grant	35,066	21,113
Total current other liabilities	7,878,223	8,590,077
Total other liabilities	9,282,947	9,780,613

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16 Trade payables

	2019	2018
	USD	USD
Trade payables to related parties (refer note 30)	5,891,270	3,810,103
Other trade payables	60,479,693	58,366,652
Total trade payables	<u>66,370,963</u>	<u>62,176,755</u>

17 Revenue from operations

	2019	2018
	USD	USD
Revenue from contracts with customers:		
- Sale of products	638,824,731	511,042,090
- Sale of services	112,753,553	100,768,779
Other operating revenue *	9,748,560	7,354,719
Total revenue from operations	<u>761,326,844</u>	<u>619,165,588</u>
 * Includes government grant recognised	 <u>4,394,974</u>	 <u>3,994,573</u>

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(A) Disaggregation of revenue

In the following table, revenue from contracts with customers is disaggregated by primary geographical market and major products and service lines.

	2019				2018			
	Contract Development and Manufacturing Operations		Specialty Pharmaceuticals		Contract Development and Manufacturing Operations		Specialty Pharmaceuticals	
	USD	USD	USD	USD	USD	USD	USD	USD
Primary geographical markets								
North America	398,759,107	91,055,090	119,858,356	609,672,553	303,719,948	90,651,786	99,031,175	493,402,909
Europe	1,883,603	63,306,916	8,610,000	73,800,519	996,411	48,070,310	8,727,871	57,794,592
Asia	688,831	29,399,370	8,645,535	38,733,736	1,740,474	25,115,117	7,538,725	34,394,316
Rest of the world	545,770	21,939,771	6,885,935	29,371,476	476,006	19,074,212	6,668,834	26,219,052
Total	401,877,311	205,701,147	143,999,826	751,578,284	306,932,839	182,911,425	121,966,605	611,810,869
Major products/service lines								
Radiopharmaceuticals	350,092,870	-	-	350,092,870	263,334,035	-	-	263,334,035
Contract Manufacturing Operations	-	111,207,694	-	111,207,694	-	100,259,474	-	100,259,474
Allergy Therapy products	51,784,441	-	-	51,784,441	43,598,804	-	-	43,598,804
Solid Dosage Formulations	-	-	143,999,826	143,999,826	-	-	121,966,605	121,966,605
Active Pharmaceutical Ingredients	-	94,493,453	-	94,493,453	-	82,651,951	-	82,651,951
Total	401,877,311	205,701,147	143,999,826	751,578,284	306,932,839	182,911,425	121,966,605	611,810,869

Reconciliation of the disaggregated revenue with the Group's reportable segments (refer note 28):

	Specialty Pharmaceuticals USD	Contract Development and Manufacturing Operations USD	Generics USD	Total USD
2019				
Revenue from contracts with customers	401,877,311	205,701,147	143,999,826	751,578,284
Other operating revenue	3,042,309	4,190,286	2,515,965	9,748,560
Revenue from reportable segments	404,919,620	209,891,433	146,515,791	761,326,844
2018				
Revenue from contracts with customers	306,932,839	182,911,425	121,966,605	611,810,869
Other operating revenue	1,726,595	3,543,351	2,084,773	7,354,719
Revenue from reportable segments	308,659,434	186,454,776	124,051,378	619,165,588

(B) Contract balances

	2019 USD	1 April 2018 USD
Trade receivables	116,797,767	105,941,967
Unbilled receivables	8,130,963	7,115,404
Contract liabilities	5,246,931	6,671,555

The amount of USD 4,030,775 recognised in contract liabilities at the beginning of the year has been recognised as revenue for the year ended 31 March 2019.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations, excluding those where original expected duration of one year or less, amounts to USD 3,614,345, majority of which is expected to be recognised as revenue in the next two years.

18 Other income

	2019 USD	2018 USD
Foreign exchange gain, net	4,323,589	—
Others	956,615	1,669,140
Total other income	5,280,204	1,669,140

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19 Employee benefits expense

	2019 USD	2018 USD
Salaries, wages, bonus, gratuity and allowances	178,180,239	149,746,705
Contribution to provident fund, superannuation and other funds	13,284,039	11,550,053
Staff welfare expenses	24,136,598	18,627,173
Total employee benefit expense	<u>215,600,876</u>	<u>179,923,931</u>

20 Finance income

	2019 USD	2018 USD
Finance income from:		
- Loan to related parties (refer note 30)	3,957,010	4,295,073
- Others	1,167,163	311,721
Total finance income	<u>5,124,173</u>	<u>4,606,794</u>

21 Finance costs

	2019 USD	2018 USD
Interest expense	16,012,529	14,594,711
Other finance costs	1,147,287	2,183,362
Total finance costs*	<u>17,159,816</u>	<u>16,778,073</u>

* net of finance costs capitalised

542,430	1,479,890
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22 Other expenses

	2019 USD	2018 USD
Consumption of stores and spares and packing materials	17,914,144	19,280,790
Processing charges	1,513,689	1,459,499
Excise duty related to increase/(decrease) in inventory of finished goods	—	470,109
Repairs and maintenance		
- Plant and machinery	8,041,381	6,235,779
- Buildings	4,324,455	3,893,166
- Others	3,780,417	2,818,573
Office expenses	1,662,706	1,475,045
Communication charges	3,497,395	2,495,520
Power and fuel	16,275,076	14,127,311
Rental expense	6,457,595	4,722,653
Rates and taxes	8,839,242	6,999,021
Legal and professional fees	36,202,388	20,308,653
Travel and conveyance	7,053,672	5,299,337
Vehicle running and maintenance	224,379	262,867
Advertisement, publicity and sales promotion	3,331,485	2,907,676
Insurance expense	2,370,463	1,906,878
Claims to customer and other selling expenses	5,716,262	5,259,698
Commission on sales	5,936,353	3,915,320
Loss on sale/disposal/discard of property, plant and equipment (net)	—	121,623
Foreign exchange loss, net	—	911,328
Staff recruitment and training	2,579,832	1,794,898
Freight and forwarding	8,295,244	7,458,698
Bank charges	3,238,758	2,320,947
Miscellaneous expenses	4,974,218	4,222,502
Total other expenses	152,229,154	120,667,891

23 Income tax expense

The major components of income tax expense are:

Profit or loss section:

	2019 USD	2018 USD
Income tax expense		
<i>Current tax</i>		
Current tax on profits for the year	35,817,907	32,264,804
Adjustment for current income tax of previous years	(498,008)	212,988
Total current tax expense	<u>35,319,899</u>	<u>32,477,792</u>
<i>Deferred tax</i>		
Origination and reversal of temporary differences	5,691,136	(7,411,058)
Adjustment in respect of deferred tax of previous years*	151,923	(1,332,068)
Total deferred tax expense/(benefit)	<u>5,843,059</u>	<u>(8,743,126)</u>
Income tax expense	<u>41,162,958</u>	<u>23,734,666</u>

* Following a significant improvement in trading and service sector conditions of pharma business in Belgium, the Group reviewed previously unrecognised tax losses and determined that it was now probable that taxable profits will be available against which the tax losses can be utilised. As a consequence, deferred tax asset of USD 1,329,326 has been recognised as at 31 March 2018.

Other comprehensive income section:

	2019 USD	2018 USD
Tax related to items that will not be reclassified to profit or loss	(31,863)	26,237
Income tax (expense)/benefit to OCI	<u>(31,863)</u>	<u>26,237</u>

Reconciliation between average effective tax rate and applicable tax rate:

	2019	2018
	USD	USD
Profit from continuing operations before income tax expense	100,121,951	72,851,546
Average applicable tax rate	33.88%	31.90%
Tax at the average applicable tax rate	33,922,156	23,241,158
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Incremental allowance for research and development	(2,543,770)	(2,912,884)
Effect of prior year taxes	(346,085)	(1,119,080)
Effect of state taxes	398,780	(751,168)
Change in tax rate*	148,525	(2,301,437)
Unrecognised deferred tax on business loss	32,270	24,201
Non-deductible expenses	9,216,519	6,257,989
Others	334,563	1,295,887
	<u>41,162,958</u>	<u>23,734,666</u>

* Includes USD 2,278,511 relating to deferred tax benefit during the year ended 31 March 2018 consequent to reduction in US federal tax rates from 35% to 21% effective 1 January 2018 pursuant to US tax reforms.

24 Acquisition of business

On 1 September 2017, subject to customary closing conditions, the Group, through Jubilant Draximage Radiopharmacies Inc. (a wholly owned step-down subsidiary), acquired through an Asset Purchase Agreement ("APA") substantially all of the assets comprising the Radiopharmacy Business and assumed only certain specific, related liabilities, from Triad Isotopes, Inc. ("Triad") for a purchase consideration of USD 21,605,722, including an increase of USD 1,181,364 pursuant to final settlement of working capital during the current year ("Business Combination"). The acquisition cost of USD 2,504,000 has been expensed as incurred and included as part of legal and professional expense within other expenses during the year ended 31 March 2018.

Triad operated one of the largest radiopharmacy network in the US with more than 50 pharmacies under its fold. This acquisition, forming part of Specialty Pharmaceuticals segment, is a strong strategic fit with our niche radiopharma business and will help us better directly serve healthcare providers and their patients with high quality radiopharma products.

The following table summarises the recognised amount of assets acquired and liabilities assumed at the date of acquisition:

Particulars	Fair value USD
Property, plant and equipment	8,499,210
Other intangible assets	1,614,339
Inventories	4,774,213
Trade receivables	16,594,094
Other financial assets	4,212,043
Other assets	978,130
Loans and borrowings	(3,003,722)
Provisions	(2,158,863)
Trade payables	(17,616,382)
Employee benefits	(3,316,838)
Other liabilities	(344,336)
Net assets acquired	10,231,888
Goodwill	11,373,834
Total consideration in cash	21,605,722

Goodwill comprises value of acquired workforce and expected synergies arising from the acquisition. Goodwill is deductible for tax purposes.

From the date of acquisition to 31 March 2018, the acquired business contributed revenue of USD 119,396,227 and loss before tax of USD 12,195,703 to the Group's results. If acquisition had occurred on 1 April 2017, management estimates that the contribution to the Group in terms of revenue would have been USD 209,403,056 and loss before tax would have been USD 18,195,386 for the year ended 31 March 2018, respectively. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 April 2017.

During the current year, the Group completed the accounting for assets acquired and liabilities assumed on acquisition. Corresponding changes to the comparatives for the current year have not been made as the impact of the change on finalisation of purchase price allocation is not material to the Group's Consolidated Statement of Financial Position or Consolidated Statement of Profit or Loss and Other Comprehensive Income.

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25 Employee benefits

(A) Defined contribution plans

- a. The Group entities located in India and Singapore have certain defined contribution plans such as provident fund, employee state insurance, employee pension scheme, wherein specified percentage is contributed to these plans. During the year, the Group has contributed following amounts to:

	2019 USD	2018 USD
Employer's contribution to provident fund*	28,344	21,101
Employer's contribution to employee's pension scheme	379,028	391,518
Employer's contribution to employee state insurance	47,944	62,431

* Includes contribution for certain employees in India where Provident Fund is deposited with Government authority e.g. Regional Provident Fund Commissioner.

- b. The Group entities located in United States of America have a 401(k) plan, where in the regular, full-time and part-time employees are eligible to participate in the defined contribution plan. Participants may voluntarily contribute eligible pre-tax and post-tax compensation in 0.5% increments of up to 90% of their annual compensation in accordance with the annual limits as determined by the Internal Revenue Service. Eligible employees in one of the States receive a 100% match of their contributions up to 3% of their eligible compensation and 50% match of their contributions from 3%-5% of their eligible compensation. Such employees above the age of 50 years may choose to contribute "catch-up" contributions in accordance with the Internal Revenue Service limits and are matched the same up to the maximum company contribution of 100% of first 3% of eligible compensation and 50% of the next 2% of contribution. The company's matching contributions vest 100% at all time for such employees. Eligible employees in other States receive a 50% match of their contributions up to 6% of their eligible compensation. Such other employees above the age of 50 years may choose to contribute "catch-up" contributions in accordance with the Internal Revenue Service limits and are matched the same up to the maximum Group contribution of 3% of eligible compensation. The Group's matching contributions vest 100% after three years of service for such other employees. The Group has contributed USD 3,072,765 and USD 1,932,258 for the years ended 31 March 2019 and 31 March 2018, respectively.
- c. The entities of the Group located in Canada contribute to a Registered Retirement Savings Plan (RRSP), a trust registered with Canada Revenue Agency (CRA) and to Quebec pension plan (QPP). Under RRSP plan, the Group contributes equivalent to the contribution made by the employee, up to a maximum of 5% of the employees' base salary. Under QPP plan, the Group contributes equivalent to the contribution made by the employees at the rate of 5.55% and 5.40% of the employees' base salary for the years ended 31 March 2019 and 31 March 2018, respectively.

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During the year, the Group has contributed following amounts to:

Plan under which contributions made	2019 USD	2018 USD
Registered retirement savings plan (RRSP)	984,634	951,485
Quebec pension plan (QPP)	1,269,531	1,256,188

Further, the entities of the Group located in Belgium contribute to social security fund named as RijksSocialeZekerheid (RSZ). Under these plan employees have to contribute 13% of their compensation and the Group makes a contribution of 33.33% of the employee's annual compensation. The Group has contributed USD 32,956 and USD 47,634 for the years ended 31 March 2019 and 31 March 2018, respectively.

(B) Defined benefit plans

i. Gratuity

In accordance with International Accounting Standard (IAS) 19 "Employee Benefits", an actuarial valuation has been carried out in respect of gratuity. The discount rate assumed is 7.65% p.a. and 7.70% p.a. as at 31 March 2019 and 31 March 2018, respectively which is determined by reference to market yield at the Statement of financial position date on government bonds. The retirement age has been considered at 58 years and mortality table is as per IALM (2006-08) as at 31 March 2019 and 31 March 2018.

The estimates of future salary increases, considered in actuarial valuation is 10% p.a. for first three years and 6% p.a. thereafter as at 31 March 2019 and 31 March 2018, taking into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The plans assets are maintained with Life Insurance Corporation of India in respect of gratuity scheme for certain employees of one unit of the Group. The details of investments maintained by Life Insurance Corporation are not available with the Group, hence not disclosed. The expected rate of return on plan assets is 7.65% p.a. and 7.70% p.a. as at 31 March 2019 and 31 March 2018, respectively.

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

	2019 USD	2018 USD
Present value of obligation at the beginning of the year	2,694,870	2,272,195
Current service cost	403,560	422,352
Interest cost	194,047	171,207
Actuarial (gain)/loss	(90,778)	82,000
Benefits paid	(280,091)	(237,561)
Effect of exchange rate changes	(154,228)	(15,323)
Present value of obligation at the end of the year	2,767,380	2,694,870

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Fair value of plan assets:**

	2019	2018
	USD	USD
Plan assets at the beginning of the year	417,581	333,259
Expected return on plan assets	30,133	25,111
Contribution by employer	105,282	90,779
Benefits paid	(60,545)	(37,981)
Actuarial (loss)/gain	(4,824)	8,875
Effect of exchange rate changes	(23,705)	(2,462)
Plan assets at the end of the year	<u>463,922</u>	<u>417,581</u>

** In respect of one location, the plan assets were invested in insurer managed funds.

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

	2019	2018
	USD	USD
Present value of obligation at the end of the year	2,767,380	2,694,870
Fair value of plan assets at the end of the year	<u>(463,922)</u>	<u>(417,581)</u>
Net liabilities recognised in the Statement of financial position	<u>2,303,458</u>	<u>2,277,289</u>

Group's best estimate of contribution during next year is USD 631,762 and USD 662,229 as at 31 March 2019 and 31 March 2018, respectively.

Expense recognised in the Consolidated Statements of Profit or Loss and Other Comprehensive Income under employee benefits expense:

	2019	2018
	USD	USD
Current service cost	403,560	422,352
Interest cost	<u>163,914</u>	<u>146,096</u>
Net cost recognised in the Consolidated Statements of Profit or Loss and Other Comprehensive Income	<u>567,474</u>	<u>568,448</u>

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Amount recognised in the Consolidated Statements of Profit or Loss and Other Comprehensive Income under other comprehensive income:

	2019	2018
	USD	USD
Actuarial loss/(gain) due to demographic assumption change	5,275	(106)
Actuarial loss/(gain) due to financial assumption change	10,145	(30,295)
Actuarial (gain)/loss due to experience adjustment	(106,198)	112,401
Actuarial loss/(gain) on plan assets	4,824	(8,875)
Effect of exchange rate changes	(5,230)	(344)
Amount recognised in the other comprehensive income	<u>(91,184)</u>	<u>72,781</u>

Sensitivity analysis:

Assumptions	Discount rates		Future salary increase	
2019				
Sensitivity level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit	(81,531)	86,320	86,851	(82,756)
2018				
Sensitivity level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit	(81,802)	86,618	87,201	(83,077)

The sensitivity analysis above has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant.

Maturity profile of the defined benefit obligation:

	2019	2018
	USD	USD
Within one year	405,742	354,704
Between one to three years	496,360	521,141
Between three to five years	395,085	380,572
Later than five years	1,470,193	1,438,453
	<u>2,767,380</u>	<u>2,694,870</u>

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ii. Provident Fund:

The Group makes contribution to a recognised provident fund “VAM Employees Provident Fund Trust” (a multiemployer trust) for most of its employees in India, which is a defined benefit plan to the extent that the Group has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

Actuarial assumptions made to determine interest rate guarantee on exempt provident fund liabilities are as follows:

	2019	2018
Discount rate	7.65%	7.70%
Guaranteed rate of return	8.65%	8.55%

The Group has contributed to provident fund USD 815,112 and USD 809,425 for the years ended 31 March 2019 and 31 March 2018, respectively.

(C) Other long term benefits (compensated absences):

	2019	2018
	USD	USD
Present value of obligation at the end of the year	1,826,279	1,913,538

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26 Fair value measurements

		2019			2018		
Note	Level of hierarchy	FVPL	FVOCI	Amortised	FVPL	FVOCI	Amortised
		USD	USD	cost USD	USD	USD	cost USD
Financial assets							
(a)		—	—	116,797,767	—	—	105,941,967
(a)		—	—	90,289,248	—	—	27,086,489
(d),(e)	3	—	—	107,468,630	—	—	59,523,146
Total financial assets		—	—	314,555,645	—	—	192,551,602
Financial liabilities							
(c),(e)	1	—	—	494,691,131	—	—	296,541,225
(c),(e)	3	—	—	11,114,077	96,900,000	—	15,051,024
(a)		—	—	66,370,963	—	—	62,176,755
(a),(b)		—	—	18,945,316	—	—	16,574,365
(a)		—	—	11,571,525	—	—	11,488,868
Total financial liabilities		—	—	602,693,012	96,900,000	—	401,832,237

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Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values of loans and borrowings, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Loans and borrowings (convertible debt instrument)	<i>Discounted cash flows:</i> The valuation model considers the weighted present value of payments required to be made to the lender upon the occurrence or non-occurrence of specific events (i.e. Initial Public Offering, Private Equity Investment)	<ul style="list-style-type: none"> Probabilities assigned to the occurrence of specific events each of which has a specified payout to the lender. Adjusted discount rate Nil% (2018: 14%) 	The estimated fair value would increase (decrease) if the probabilities assigned to the occurrence of an IPO were greater (lower); the adjusted discount rate was lower (higher)

Financial instruments not measured at fair value

The following table shows the valuation techniques and the significant unobservable inputs used in determination of fair value of the Level 3 financial instruments not measured at fair value:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Other financial assets (loan to related parties)	<i>Discounted cash flows:</i> The valuation model considers the present value of expected receipts discounted using an adjusted discount rate	Adjusted discount rate 8.40% (2018: 8.47%)	The estimated fair value would increase (decrease) if the adjusted discount rate was lower (higher)

Although the Group believes that its estimates of fair value are appropriate, the use of different assumptions could lead to different measurements of fair value. For fair value measurements of the convertible debt instrument, changing one or more of the assumptions used to reasonably possible alternative assumptions would reduce profit or loss by the following amounts:

	Impact on profit or loss USD
2018	
100% probability assigned to an IPO being achieved one year later	(4,806,015)

Note:

- (a) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.
- (b) Fair value of non-current financial liabilities has not been disclosed as there is no significant difference between carrying value and fair value.
- (c) Fair value of loans and borrowings is as below:

	Level of hierarchy	Fair value	
		2019 USD	2018 USD
Bond	1	502,415,000	294,750,000
Other borrowings (including current maturities)*	3	11,114,077	111,951,024
Total		513,529,077	406,701,024

- * The fair value of borrowings is based upon a discounted cash flow analysis that uses the aggregate cash flows from principal and finance costs over the life of the debt and current market interest rates.

Reconciliation of convertible debt instrument measured at fair value using level 3 of fair value hierarchy is as below:

	2019 USD	2018 USD
Opening balance	96,900,000	86,189,548
Loss recognised in profit or loss	39,900,000	10,710,452
Repayment #	(136,800,000)	—
Closing balance	—	96,900,000

- # Includes coupon payment of USD 1,800,000 during the year ended 31 March 2019 as per the terms of loan agreement.



(d) Fair value of other financial assets is as below:

	Level of hierarchy	Fair value	
		2019 USD	2018 USD
Other financial assets *	3	107,580,082	59,570,047

* The fair value of other financial assets is based upon a discounted cash flow analysis that uses the aggregate cash flows from principal and finance income over the life of the asset and current market interest rates.

(e) There are no transfers between level 2 and level 3.

27 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

Risk management framework

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group, through three layers of defence namely policies and procedures, review mechanism and assurance aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Audit committee of the Board with top management oversees the formulation and implementation of the Risk management policies. The risk and mitigation plan are identified, deliberated and reviewed at appropriate forums.

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 represents the maximum credit exposure.

Trade receivables and other financial assets

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information, and business intelligence. Sale limits are established for each customer and reviewed annually. Any sales exceeding those limits require approval from the appropriate authority as per policy.

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In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are institutional, dealers or end user customer, their geographic location, industry, trade history with the Group and existence of previous financial difficulties.

The customers of the Group are spread across North America, Europe, Asia and rest of the world regions though majority of customers are based out of North America, and accordingly, trade accounts receivables are concentrated in these geographies. To reduce credit risk, the Group performs on going credit evaluation of customers. As at 31 March 2019 and 31 March 2018, one customer is having 8.14% and 10.01% share in total trade receivables of the Group respectively.

Expected credit loss for trade receivables:

Based on internal assessment which is driven by the historical experience/ current facts available in relation to default and delays in collection thereof, the credit risk for trade receivables is low. The Group estimates its allowance for trade receivable using lifetime expected credit loss.

The age profile of trade receivables are as follows:

	2019			2018		
	Gross carrying amount	Allowance for credit losses	Net carrying amount	Gross carrying amount	Allowance for credit losses	Net carrying amount
	USD					
Not due	96,560,121	(30,368)	96,529,753	80,855,105	—	80,855,105
0-90 days	18,521,888	(108,097)	18,413,791	22,311,492	(416,269)	21,895,223
90-180 days	1,321,562	(173,113)	1,148,449	1,731,675	(35,733)	1,695,942
180-270 days	542,608	(231,928)	310,680	355,684	(2,258)	353,426
270-360 days	279,722	(135,183)	144,539	553,590	(208,403)	345,187
More than 360 days	1,922,929	(1,672,374)	250,555	1,830,903	(1,033,819)	797,084
	119,148,830	(2,351,063)	116,797,767	107,638,449	(1,696,482)	105,941,967

Movement in the expected credit loss allowance of trade receivables are as follows:

	2019	2018
	USD	USD
Balance at the beginning of the year	1,696,482	2,202,984
Add : Provided during the year (net of reversal)	1,076,612	346,341
Less : Amount written off *	(330,029)	(951,166)
Effect of exchange rate changes	(92,002)	98,323
Balance at the end of the year	2,351,063	1,696,482

* Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a payment plan with the Group.

Expected credit loss on financial assets other than trade receivables:

With regards to all financial assets with contractual cash flows other than trade receivables, management believes these to be high quality assets with negligible credit risk. The management believes that the parties from which these financial assets are recoverable, have strong capacity to meet the obligations and where the risk of default is negligible or nil and accordingly no provision for expected credit loss has been provided on these financial assets. Break up of financial assets other than trade receivables have been disclosed in Consolidated Statements of Financial Position.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's treasury department is responsible for managing the short term and long term liquidity requirements. Short term liquidity situation is reviewed daily by Treasury. Longer term liquidity position is reviewed on a regular basis by the Board of Directors and appropriate decisions are taken according to the situation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and exclude the impact of netting agreements.

		Contractual cash flows		
	Carrying amount USD	Total USD	Within 1 year USD	More than 1 year USD
At 31 March 2019				
Non-derivative financial liabilities				
Loans and borrowings ⁽¹⁾	505,805,208	614,989,077	36,579,511	578,409,566
Trade payables	66,370,963	66,370,963	66,370,963	—
Other financial liabilities	11,571,525	11,571,525	11,571,525	—
Employee benefits	18,945,316	18,945,316	15,960,420	2,984,896
	602,693,012	711,876,881	130,482,419	581,394,462
At 31 March 2018				
Non-derivative financial liabilities				
Loans and borrowings ⁽¹⁾	408,492,249	470,451,024	29,114,963	441,336,061
Trade payables	62,176,755	62,176,755	62,176,755	—
Other financial liabilities	11,488,868	11,488,868	11,488,868	—
Employee benefits	16,574,365	16,574,365	13,334,406	3,239,959
	498,732,237	560,691,012	116,114,992	444,576,020

⁽¹⁾ Carrying amount presented as net of unamortised transaction cost.

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Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily the INR, USD, CAD and Euro. The currencies in which these transactions are primarily denominated are INR, USD, CAD and Euro.

The Group follows a natural hedge driven currency risk mitigation policy to the extent possible. Any residual risk is evaluated and appropriate risk mitigating steps are taken, including but not limited to entering into forward contracts and interest rate swaps.

Majority of Group's customers are based in North America. To a lesser extent, the Group 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.

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk is as follows:

	USD	EUR	CAD	Others
2019				
Trade and other receivables	118,928,534	3,619,591	537,162	2,439,809
Cash and cash equivalents	53,187,724	8,199	—	226,399
Loans and borrowings	—	—	—	—
Trade and other payables	27,582,851	2,080,193	1,259,561	1,373,453
Net statement of financial position exposure	144,533,407	1,547,597	(722,399)	1,292,755
2018				
Trade and other receivables	89,409,570	3,093,738	639,483	2,031,680
Cash and cash equivalents	7,636,567	7,300	—	403,236
Loans and borrowings	175,000	—	—	—
Trade and other payables	24,689,243	1,520,486	1,274,261	1,886,041
Net statement of financial position exposure	72,181,894	1,580,552	(634,778)	548,875

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Sensitivity analysis

A reasonably possible strengthening (weakening) of the Euro, US dollar or CAD against all other currencies at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or loss (before tax)		OCI (before tax)	
	Strengthening	Weakening	Strengthening	Weakening
2019				
USD (1% movement)	1,445,334	(1,445,334)	—	—
EUR (1% movement)	15,476	(15,476)	—	—
CAD (1% movement)	(7,224)	7,224	—	—
Others (1% movement)	12,928	(12,928)	—	—
2018				
USD (1% movement)	721,819	(721,819)	—	—
EUR (1% movement)	15,806	(15,806)	—	—
CAD (1% movement)	(6,348)	6,348	—	—
Others (1% movement)	5,489	(5,489)	—	—

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Group are principally denominated in rupees and US dollars with a mix of fixed and floating rates of interest. The Group has exposure to interest rate risk, arising principally on changes in benchmark lending rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

Exposure to interest rate risk

The interest rate profile of the Group's interest bearing financial instruments as reported to the management of the Group is as follows:

	Nominal amounts	
	2019 USD	2018 USD
Fixed-rate borrowings	502,279,268	302,881,011
Floating-rate borrowings*	8,834,809	12,170,013

* floating interest rates are based on Marginal Cost of funds based Lending Rate (MCLR) plus spread, reset at specified intervals.

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The sensitivity analyses below have been determined based on the exposure to interest rates for floating rate liabilities assuming the amount of the liability outstanding at the year-end was outstanding for the whole year.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's profit would decrease/increase by USD 8,236 and USD 43,700 for the years ended 31 March 2019 and 31 March 2018. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

28 Capital management

Risk management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the statement of financial position, including non-controlling interests).

The gearing ratios were as follows:

Particulars	2019 USD	2018 USD
Net debt	415,515,960	381,405,760
Total equity	408,007,416	384,166,646
Net debt to equity ratio	1.02	0.99

Also refer note 11.

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29 Segment information

(a) Description of segments and principal activities

The Chairman and Managing Director of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by IFRS 8, Operating Segments. Operating Segments have been defined and presented based on the regular review by the CODM to assess the performance of segment and to make decision about allocation of resources. During the current year, the CODM decided to regularly review information at below mentioned segment levels. Accordingly, the Group has determined following reportable segment based on nature of its product and service and previous year figure have now been presented to conform to current year presentation:

- **Specialty Pharmaceuticals** comprising Radiopharmaceuticals (including radiopharmacies) and Allergy Therapy products; and
- **Contract Development and Manufacturing Operations (CDMO)** comprising Contract manufacturing of Sterile Injectables and Non-Sterile products (CMO) and Active Pharmaceutical Ingredients (APIs); and
- **Generics** comprising Solid Dosage Formulations.

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the Group as a whole.

No operating segments have been aggregated to form the above reportable operating segments.

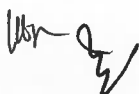
Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and not allocable to segments on reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

Finance costs, finance income and fair value gains and losses on financial instruments are not allocated to individual segments as the underlying instruments are managed on a Group basis.

Borrowings, current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a Group basis.

Information related to each reportable segment is set out below. Segment results (profit/(loss) before interest and tax) is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.



(b) Information about reportable segments

	Total segment revenue		Inter-segment revenue		Revenue from external customers	
	2019	2018	2019	2018	2019	2018
	USD	USD	USD	USD	USD	USD
REVENUE						
Specialty Pharmaceuticals	404,919,620	308,659,434	—	—	404,919,620	308,659,434
CDMO	238,589,886	211,196,350	28,698,453	24,741,574	209,891,433	186,454,776
Generics	147,276,804	124,215,378	761,013	164,000	146,515,791	124,051,378
Total	790,786,310	644,071,162	29,459,466	24,905,574	761,326,844	619,165,588

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*Jubilant Pharma Limited
and its subsidiaries
Consolidated Financial Statements
For the financial years ended 31 March 2019 and 2018*

	2019 USD	2018 USD
RESULTS		
Specialty Pharmaceuticals	109,257,340	97,929,176
CDMO	34,184,817	11,546,829
Generics	28,403,994	(1,409,846)
Segment total	171,846,151	108,066,159
Un-allocated corporate expenses (net of un-allocated income)	(19,788,557)	(12,332,882)
Finance income	5,124,173	4,606,794
Finance costs	(17,159,816)	(16,778,073)
Change in fair value of debt instrument at FVPL	(39,900,000)	(10,710,452)
Profit before tax	100,121,951	72,851,546
Income tax expense	(41,162,958)	(23,734,666)
Profit for the year	58,958,993	49,116,880

	Segment assets		Segment liabilities	
	2019 USD	2018 USD	2019 USD	2018 USD
Specialty Pharmaceuticals	232,852,665	224,829,522	38,239,964	36,463,625
CDMO	375,801,523	366,135,274	41,746,365	39,015,326
Generics	231,182,223	227,913,450	25,406,433	22,092,476
Segment total	839,836,411	818,878,246	105,392,762	97,571,427
Un-allocated corporate assets/liabilities	213,054,874	106,249,956	539,491,107	443,390,129
Total	1,052,891,285	925,128,202	644,883,869	540,961,556

	Capital expenditure		Depreciation, amortisation and impairment *	
	2019 USD	2018 USD	2019 USD	2018 USD
Specialty Pharmaceuticals	14,424,658	13,283,554	11,562,734	18,145,114
CDMO	15,697,986	12,915,502	12,979,240	13,217,463
Generics	23,610,723	24,862,923	15,529,172	24,293,894
Segment total	53,733,367	51,061,979	40,071,146	55,656,471
Un-allocated	227,210	9,283	70,784	63,054
Total	53,960,577	51,071,262	40,141,930	55,719,525

* Includes USD Nil and USD 9,014,429 charged off in Specialty Pharmaceuticals segment and USD 1,484,150 and USD 10,066,419 charged off in Generics segment during the years ended 31 March 2019 and 31 March 2018, respectively [also refer note 4(2)].

(c) Geographical information

The geographical information analyses the Group's revenue and non-current assets by the Company's country of domicile and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of customers and segment assets were based on the geographical location of the assets:

(i) Segment revenues:

	2019 USD	2018 USD
North America	612,895,481	495,649,473
Europe	74,070,503	57,794,592
Asia	44,989,383	39,502,471
Rest of the world	29,371,477	26,219,052
Total	761,326,844	619,165,588

(ii) Segment non-current assets*:

	2019 USD	2018 USD
North America	392,145,266	398,599,702
Europe	10,315,260	11,464,366
Asia**	162,017,370	160,442,613
Total	564,477,896	570,506,681

* Non-current assets exclude financial instruments and deferred tax assets.

** Asia includes USD 7,743 and USD 78,140 as at 31 March 2019 and 31 March 2018, respectively, based in Singapore (country of domicile).

(d) Major customer

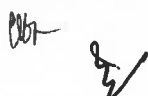
For the years ended 31 March 2019 and 31 March 2018, there is one customer of Specialty Pharmaceuticals segment contributing USD 93,966,373 and USD 84,564,321, respectively of the consolidated revenue of the Group.

30 Related parties

The immediate and ultimate holding company during the financial year is Jubilant Life Sciences Limited which is incorporated in India.

Transactions with related parties

	2019 USD	2018 USD
Purchase of goods and services from:		
- Holding company	1,056,343	1,231,788
- Fellow subsidiaries	301,155	279,153



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	2019 USD	2018 USD
Sale of goods and services to:		
- Holding company	—	33,159
Reimbursement of expenses:		
- Holding company	10,261,494	8,507,113
- Fellow subsidiaries	19,684	7,436
Recovery of expenses:		
- Holding company	80,186	287,533
- Fellow subsidiaries	458,265	786,001
- Other related parties	80,288	70,643
Loans and borrowings taken:		
- Holding company	6,272,280	28,357,862
Loans and borrowings repaid:		
- Holding company	7,318,149	27,273,431
- Fellow subsidiaries	—	1,800,000
Loans given:		
- Holding company	981,397	852,053
- Fellow subsidiaries	—	1,750,000
Loans received back:		
- Holding company	981,397	852,053
- Fellow subsidiaries	—	1,750,000
Interest expense on loans and borrowings taken:		
- Holding company	5,590	70,171
- Fellow subsidiaries	—	21,533
Interest income on loans given:		
- Holding company	3,957,010	4,285,846
- Fellow subsidiaries	—	9,227
Donation:		
- Other related parties	274,835	162,417
Sale of Merchandise Exports from India Scheme (MEIS) scrips:		
- Holding company	484,588	2,289,430
Group's contribution to provident fund trust:		
- Other related parties	815,112	809,425





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	2019	2018
	USD	USD
Rent expenses:		
- Holding company	641,500	874,671
- Other related parties	112,772	92,796
Purchase of assets:		
- Other related parties	4,900	—
Sale of assets:		
- Fellow subsidiaries	5,372	—
Dividend paid:		
- Holding company	8,169,000	—
Transactions with key managerial personnel:		
- Short term employee benefits	4,046,050	4,206,392
- Defined contribution plan	22,609	19,527
- Sitting fee	126,500	66,000
- Director fee	200,959	102,362
	<u>4,396,118</u>	<u>4,394,281</u>

The balances receivable from and payable to related parties are summarised as follows:

Due from related parties

Loans (including interest) receivable

	2019	2018
	USD	USD
- Holding company	47,297,803	50,193,589

Trade receivables

	2019	2018
	USD	USD
- Holding company	231,646	255,734
- Fellow subsidiaries	20,325	71,252
	<u>251,971</u>	<u>326,986</u>

Advance recoverable

	2019	2018
	USD	USD
- Holding company	152,149	512,117
- Fellow subsidiaries	83,752	293,036
- Other related parties	5,897	16,127
	<u>241,798</u>	<u>821,280</u>

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Due to related parties

Loans (including interest) payable

	2019	2018
	USD	USD
- Holding company	—	1,074,115

Trade payables

	2019	2018
	USD	USD
- Holding company	4,111,707	2,592,425
- Fellow subsidiaries	1,174,705	1,217,678
- Key managerial personnel	604,858	—
	<u>5,891,270</u>	<u>3,810,103</u>

31 Contingent liabilities to the extent not provided for

(a) Claims against Group, disputed by the Group, not acknowledged as debt:

	2019	2018
	USD	USD
Central Excise	98,265	283,935
Customs	1,142	1,211
Service Tax	4,272,542	4,872,607
Income Tax*	7,300,000	22,100,000
Goods and Services Tax	25,998	—
Others	116,686	3,115
	<u>11,814,633</u>	<u>27,260,868</u>

* Jubilant Pharma Holdings Inc. and its subsidiaries file a US Consolidated tax return. The Company determined that certain U.S. tax filings related to dual consolidated losses had inadvertently not been filed on a timely basis. Failure to make these filings on a timely basis could result in the IRS disallowing the Company's use of such dual consolidated losses for U.S. federal income tax purposes for certain periods resulting in payment of taxes, interest and applicable penalties. However, promptly upon discovering this omission, amended tax returns for relevant periods have been filed voluntarily along with reasonable cause relief request to make the appropriate election and disclosures pursuant to applicable Treasury Regulations.

Future cash outflows in respect of the above matters as well as for matters listed under note 31(b) below are determinable only on receipt of judgments/decisions pending at various stages/forums.



(b) Other contingent liabilities

- (i) A customer had filed an arbitration claim in 2013 before the International Court of Arbitration, International Chamber of Commerce, Paris ("ICC") against Jubilant Pharmaceuticals NV ("JPNV"), a stepdown subsidiary of the Company in Belgium alleging contravention of certain provisions of Licensing and Supply agreement between the parties and claiming damages (excluding interest) amounting to €2,083,421 (USD 2,340,098 and USD 2,583,442 as at 31 March 2019 and 31 March 2018, respectively). JPNV has also filed a counter claim against this customer for damages amounting to €2,379,678 (USD 2,672,854 and USD 2,950,800 as at 31 March 2019 and 31 March 2018, respectively) in the same dispute. During the year ended 31 March 2018, Partial Award No. 2 dated 5 September 2017 was passed by the Arbitrator wherein claims of the customer were allowed for €668,684 (USD 751,066 and USD 829,168 as at 31 March 2019 and 31 March 2018, respectively) but the customer was restrained from using, either directly or indirectly, the Dossiers and also directed to return the Dossiers to JPNV. The customer filed a review of the Partial Award No. 2 which was rejected by the Sole Arbitrator on 9 October 2017. Further, Partial Award No. 3 dated 14 February 2018 was passed by the Arbitrator holding the customer liable to pay damages of €5,000 (USD 5,616 and USD 6,200 as at 31 March 2019 and 31 March 2018, respectively) per day for any use, either directly or indirectly, of the Dossiers and €1,000 (USD 1,123 and USD 1,240 as at 31 March 2019 and 31 March 2018, respectively) per day for non-return of Dossiers to JPNV before 16 March 2018. On 5 March 2018, the customer also challenged the Partial Awards before Court of Brussels, which has vide interim order at 24 August 2018 rejected the customer's request for the suspension of the Partial Award and the proceedings are ongoing. The customer has also filed a submission for the annulment of the Partial Awards in the proceedings before the Court of Brussels on 17 December 2018 on which Jubilant has filed its reply before the Brussels court of First Instance. No date of hearing has been fixed as yet by the Brussels Court. Additionally, on 7 March 2019, the customer filed another petition to the ICC alleging lack of impartiality and seeking replacement of the Sole Arbitrator. In view of the customer's petition the sole arbitrator has suspended, by order dated 21 March 2019, further proceedings until the challenge is decided by the ICC. On 30 March 2019, JPNV filed its reply/comments on the said challenge petition.
- (ii) During the current year, the Group received warning letter from U.S. Food and Drug Administration ("USFDA") for its solid dosage formulations manufacturing facility located at Roorkee, India. As a result of this, USFDA may withhold approval of any new applications or supplements till the Group resolves the issues raised by the agency, however, the Group continues to manufacture and distribute existing products from its Roorkee facility. The Group has submitted comprehensive responses to the USFDA and has engaged with third party consultants to help in the remediation activities. The Group is taking all necessary steps to ensure further stringent controls at all its facilities.
- (iii) Additionally, the Group is involved in other disputes, lawsuits, claims, governmental and/or regulatory inspections, inquiries, investigations and proceedings, including commercial matters that arise from time to time in the ordinary course of business. The Group believes that none of these matters, either individually or in aggregate, are expected to have any material adverse effect on its consolidated financial statements.

The above does not include all other obligations resulting from claims, legal pronouncements having financial impact in respect of which the Group generally performs the assessment based on the external legal opinion and the amount of which cannot be reliably estimated.

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32 Commitments as at year end

(a) Capital commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) is as under:

	2019 USD	2018 USD
Property, plant and equipment	12,012,718	13,943,261
Intangibles assets	1,337,275	1,011,820
	<u>13,349,993</u>	<u>14,955,081</u>

(b) For lease commitments, refer note 33.

(c) Other commitments:

Export obligation undertaken by the Group under EPCG scheme to be completed over a period of six years on account of import of capital goods with no import duty and remaining outstanding is USD 4,531,316 and USD 1,953,435 as at 31 March 2019 and 31 March 2018, respectively. Similarly, export obligation under Advance License Scheme on duty free import of specific raw materials, remaining outstanding is USD 9,230,615 and USD 2,904,602 as at 31 March 2019 and 31 March 2018, respectively.

33 Leases

(i) Operating lease payments under cancellable leases:

	2019 USD	2018 USD
Premises and equipment	1,105,306	1,046,801
Vehicles*	26,691	46,631
	<u>1,131,997</u>	<u>1,093,432</u>

* Included under vehicle running and maintenance expense in note 22.

(ii) The Group has significant operating lease arrangements which are non-cancellable for a period up to 5 years. The leases have varying terms, escalation clauses and renewal rights.

The schedule of future minimum lease rental payments in respect of non-cancellable operating leases is set out below:

	2019 USD	2018 USD
Not later than one year	4,094,980	4,422,512
Later than one year but not later than five years	5,660,053	6,998,092
Later than five years	23,547	314,423
	<u>9,778,580</u>	<u>11,735,027</u>
Operating lease expenses	<u>5,352,289</u>	<u>3,675,852</u>

(iii) Assets acquired under finance lease:

Future minimum lease payments and their present values under finance leases in respect of vehicles are as follows:

Particulars	Minimum lease payments		Present value of minimum lease payments		Future interest	
	2019	2018	2019	2018	2019	2018
	USD	USD	USD	USD	USD	USD
Not later than one year	1,245,499	1,330,851	1,119,702	1,245,835	125,797	85,016
Later than one year but not later than five years	1,220,285	522,657	1,159,566	477,965	60,719	44,692
Later than five years	—	87,251	—	83,096	—	4,155

There is no element of contingent rent or sub lease payments. There are no restrictions imposed by these lease arrangements regarding dividend and additional debt.

34 Research and development expenditure

The aggregate amount of research and development expenditure (excluding depreciation, amortisation and impairment) recognised as an expense is USD 15,847,374 and USD 13,105,319 during the years ended 31 March 2019 and 31 March 2018, respectively.

35 Subsequent events

The board of directors of the Company at its meeting held on 22 July 2019 declared an interim dividend amounting to USD 10,456,286 to the shareholder of the Company.