

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

Consolidated Financial Statements
For the financial years ended
31 March 2022 and 2021



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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 including partnerships ("the Group"), which comprise the consolidated statement of financial position as at 31 March 2022, 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, consolidated financial position of the Group as at 31 March 2022, 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 the 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 Group 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 2.8 (ii), 2.9 and 4 (1) to the consolidated financial statements.



The key audit matter

As at 31 March 2022, the goodwill is carried at USD 171.6 million which represents 24% of the total non-current assets.

In addition to significance of the amount, The Group's assessment process is complex as it involves significant judgement in determining the appropriate allocation of the goodwill to cash generating unit ("CGU") 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, terminal growth rates and the discount rate.

How the matter was addressed in our audit

Our audit procedures in this area included, among others:

- evaluated appropriateness of management's goodwill allocation to the CGU[s]
- tested the design and implementation of the Group's controls in determining the carrying amount and the recoverable amount of the CGU to which the goodwill is allocated;
- involved our valuation specialists to assist in evaluating the inputs and methodologies used to estimate the recoverable amount;
- evaluated the appropriateness of the assumptions applied to key inputs such as revenue projections, discount rate and terminal growth rates based on our knowledge of the Group 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 changes to assumptions would change the outcome of impairment assessment;
- compared the recoverable amount of the CGU to the carrying amount to determine an impairment loss, if any; and

Impairment of intangible asset under development

See Note 2.9 and 4(2) to the consolidated financial statements.

The key audit matter

As at 31 March 2022, the intangible assets under development is carried at USD 94.4 million which represents 13% of total non-current assets.

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

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How the matter was addressed in our audit

- tested the design and implementation of controls over management's review of impairment assessment of intangibles under development
- for samples selected, evaluated the appropriateness of the assumptions used in key inputs such as forecast revenue, gross margin and discount rate based on our knowledge of the Group and the industry with the assistance of our valuation specialists
- interviewed key research and development personnel and commercial personnel to evaluate the assumptions used
- performed sensitivity analysis of the key assumptions used to determine which changes to assumptions would change the outcome of impairment assessment;
- compared the recoverable amounts of the intangible assets under development to its carrying amount to determine if there is an impairment loss.

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.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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.

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- 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 Group'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 Group'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 Group 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group 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, actions taken to eliminate threats or safeguards applied.

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 Assurance and Consulting Services LLP

KPMG Assurance and Consulting Services LLP

Mumbai

Date: *26 JULY 2022*

**Consolidated Statements of Financial Position
As at 31 March 2022 and 2021**

	Note	2022 USD	2021 USD
Non-current assets			
Property, plant and equipment	3	288,813,366	284,380,124
Goodwill	4	171,576,563	169,619,529
Other intangible assets	4	114,435,381	110,526,948
Right-of-use assets	33	31,935,036	31,385,008
Equity accounted investee	5(a)	25,742,281	27,101,542
Other investments	5(b)	165,272	422,594
Other financial assets	6	61,911,841	45,687,437
Income tax assets		40,944	72,633
Deferred tax assets (net)	13	20,021,087	24,905,493
Other non-current assets	7	11,789,463	5,114,313
Total non-current assets		726,431,234	699,215,621
Current assets			
Inventories	8	164,742,005	154,223,965
Trade receivables	9	111,411,667	105,396,748
Other financial assets	6	11,846,626	36,877,033
Income tax assets		24,455	3,198,835
Other current assets	7	26,083,683	28,078,824
Cash and cash equivalents	10	112,021,739	55,088,585
Total current assets		426,130,175	382,863,990
Total assets		1,152,561,409	1,082,079,611
Equity			
Equity share capital		326,758,994	326,758,994
Merger reserve		(81,654,366)	(80,838,832)
Retained earnings		384,205,603	350,551,464
Foreign currency translation reserve		(45,750,642)	(47,540,595)
Other components of equity		(12,831,102)	(12,691,993)
Total equity attributable to owners of the Company		570,728,487	536,239,038

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

**Consolidated Statements of Financial Position (cont'd)
As at 31 March 2022 and 2021**

	Note	2022 USD	2021 USD
Non-current liabilities			
Loans and borrowings	11(a)	315,234,590	347,858,555
Lease liabilities		26,330,131	24,734,010
Employee benefits		4,203,212	4,450,490
Deferred tax liabilities (net)	13	31,457,184	28,558,008
Provisions	14	5,877,281	5,577,729
Other non-current liabilities	15	962,636	3,695,981
Total non-current liabilities		384,065,034	414,874,773
Current liabilities			
Loans and borrowings	11(b)	61,137,194	2,735,747
Lease liabilities		6,493,143	6,393,098
Employee benefits		27,031,780	27,589,832
Trade payables	16	71,517,706	69,567,478
Other financial liabilities	12	5,732,604	3,031,590
Income tax liabilities		3,780,921	4,984,164
Provisions	14	3,904,113	4,164,591
Other current liabilities	15	18,170,427	12,499,300
Total current liabilities		197,767,888	130,965,800
Total liabilities		581,832,922	545,840,573
Total equity and liabilities		1,152,561,409	1,082,079,611

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 2022 and 2021**

	Note	2022 USD	2021 USD
Revenue from operations	17	759,587,253	781,638,694
Other income	18	436,317	539,328
Total income		760,023,570	782,178,022
Cost of materials consumed		(181,242,883)	(181,725,330)
Purchases of stock-in-trade		(27,073,366)	(22,890,717)
Changes in inventories of finished goods, stock-in-trade and work-in-progress		7,839,487	(2,634,928)
Employee benefits expense	19	(248,274,216)	(238,971,093)
Depreciation, amortisation and impairment	3,4,33	(49,286,186)	(47,955,443)
Other expenses	20	(173,744,651)	(158,549,644)
Finance income	21	3,312,731	3,379,312
Finance costs	22	(18,826,661)	(27,372,825)
Profit before share of (loss)/profit of equity accounted investee		72,727,825	105,457,354
Share of (loss)/profit of equity accounted investee, net of tax	5(a)	(1,359,261)	1,550,898
Profit before tax		71,368,564	107,008,252
Income tax expense	23	(24,731,609)	(38,063,950)
Profit for the year		46,636,955	68,944,302
Other comprehensive income/(loss)			
<i>Items that will be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		1,789,953	37,011,004
Income tax relating to items that will be reclassified to profit or loss		–	1,522,417
<i>Items that will not be reclassified to profit or loss</i>			
Changes in fair value of equity investments which are classified at fair value through other comprehensive income		(257,322)	(835,160)
Remeasurement of defined benefit obligations	25	181,710	50,871
Income tax relating to items that will not be reclassified to profit or loss		(63,497)	(17,776)
Other comprehensive income for the year, net of tax		1,650,844	37,731,356
Total comprehensive income for the year		48,287,799	106,675,658

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

Consolidated Statements of Changes in Equity
For the years ended 31 March 2022 and 2021

	----- Attributable to owners of the Company -----							
	Equity share capital ** USD	Merger reserve # USD	Other capital reserve ## USD	Fair value reserve @ USD	Remeasurement of defined benefit obligations @@ USD	Foreign currency translation reserve ^ USD	Retained earnings USD	Total equity USD
As at 1 April 2020	326,758,994	(80,838,832)	(11,322,840)	—	(567,088)	(86,074,016)	281,607,162	429,563,380
Total comprehensive (loss)/income for the year								
Profit for the year	—	—	—	—	—	—	68,944,302	68,944,302
Other comprehensive (loss)/income for the year, net of tax	—	—	—	(835,160)	33,095	38,533,421	—	37,731,356
Total comprehensive (loss)/income for the year	—	—	—	(835,160)	33,095	38,533,421	68,944,302	106,675,658
As at 31 March 2021	326,758,994	(80,838,832)	(11,322,840)	(835,160)	(533,993)	(47,540,595)	350,551,464	536,239,038
As at 1 April 2021	326,758,994	(80,838,832)	(11,322,840)	(835,160)	(533,993)	(47,540,595)	350,551,464	536,239,038
Total comprehensive (loss)/income for the year								
Profit for the year	—	—	—	—	—	—	46,636,955	46,636,955
Other comprehensive (loss)/income for the year, net of tax	—	—	—	(257,322)	118,213	1,789,953	—	1,650,844
Total comprehensive (loss)/income for the year	—	—	—	(257,322)	118,213	1,789,953	46,636,955	48,287,799
Transactions with equity holders								
Dividend distribution to shareholders*	—	—	—	—	—	—	(12,982,816)	(12,982,816)
Tax effect of common control transaction	—	(815,534)	—	—	—	—	—	(815,534)
Total transactions with equity holders	—	(815,534)	—	—	—	—	(12,982,816)	(13,798,350)
As at 31 March 2022	326,758,994	(81,654,366)	(11,322,840)	(1,092,482)	(415,780)	(45,750,642)	384,205,603	570,728,487

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

Jubilant Pharma Limited
and its subsidiaries
Consolidated Financial Statements
For the financial years ended 31 March 2022 and 2021

- ** No. of shares as at 31 March 2022 and 31 March 2021 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).
- @ Represents changes in fair value of equity investments designated as fair value through other comprehensive income.
- @@ Remeasurement of defined benefit obligations comprises actuarial gains and losses.
- ^ Exchange differences arising on translation of foreign operations and exchange differences relating to intercompany balances forming part of net investment in 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 dispose or partially dispose 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 19 July 2021 declared an interim dividend amounting to USD 12,982,816 (USD 0.04 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 2022 and 2021**

	2022 USD	2021 USD
Cash flows from operating activities		
Profit before tax	71,368,564	107,008,252
Adjustments for:		
Depreciation, amortisation and impairment	49,286,186	47,955,443
Unrealised foreign exchange loss/(gain), net	5,450,743	2,358,191
Finance income	(3,312,731)	(3,379,312)
Finance costs	18,826,661	27,372,825
Loss on disposal of property, plant and equipment (net)	456,978	828,262
Share of loss/(profit) of equity accounted investee, net of tax	1,359,261	(1,550,898)
Operating cash flow before working capital changes	143,435,662	180,592,763
(Increase)/decrease in trade accounts receivable	(5,992,869)	10,648,250
Increase in other assets including other financial assets	(404,474)	(1,718,957)
Increase in inventories	(12,252,261)	(3,135,919)
Increase/(decrease) in trade payables	1,530,021	(50,354)
Increase in other liabilities including other financial liabilities	2,735,562	5,279,037
Cash generated from operations	129,051,641	191,614,820
Income taxes paid (net of refund)	(17,116,514)	(43,332,744)
Net cash generated from operating activities	111,935,127	148,282,076
Cash flows from investing activities		
Acquisition of property, plant and equipment and other intangible assets	(56,148,619)	(41,079,793)
Proceeds from disposal of property, plant and equipment	424,291	1,268,473
Acquisition of investments (refer note 5)	—	(26,809,251)
Acquisition of business *	—	(16,954,743)
Loans given to related parties	(21,600,000)	(4,000,000)
Loans received back from related parties	7,600,000	—
Interest received	3,575,651	3,644,673
Change in bank deposits with original maturity of more than three months	22,877,649	(22,203,862)
Net cash used in investing activities	(43,271,028)	(106,134,503)

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 2022 and 2021**

	2022 USD	2021 USD
Cash flows from financing activities		
Proceeds from long-term loans and borrowings	20,000,000	149,579,807
Repayments of long term loans and borrowings ^	(670,786)	(231,002,896)
Payment of lease liabilities	(6,890,413)	(6,764,544)
Proceeds from/(repayments of) short term loans repayable on demand, net	5,907,676	(10,764,695)
Dividend paid	(12,982,816)	—
Finance costs paid	(18,082,176)	(30,676,392)
Net cash used in financing activities	<u>(12,718,515)</u>	<u>(129,628,720)</u>
Net increase/(decrease) in cash and cash equivalents	55,945,584	(87,481,147)
Effect of exchange rate changes	987,570	4,243,766
Cash and cash equivalents at the beginning of the year	<u>55,088,585</u>	<u>138,325,966</u>
Cash and cash equivalents at the end of the year (refer note 10)	<u><u>112,021,739</u></u>	<u><u>55,088,585</u></u>

* During the year ended 31 March 2021, the Group paid consideration for the acquisition of IBP business from Jubilant Pharmova Limited (“ultimate holding company”) through a Business Transfer Agreement entered into during the year ended 31 March 2020.

^ Includes repayment of revolver credit facility of Jubilant HollisterStier LLC amounting to USD 31,002,896 presented on net basis during the year ended 31 March 2021.

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

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 26 July 2022.

1 Corporate information

Jubilant Pharma Limited (“JPL, Singapore” or “the Company” or “the Parent 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 Pharmova Limited (*formerly known as 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)	Jubilant Pharma Holdings Inc.	31 May 2007
2	Jubilant DraxImage Inc. ^	Canada	Jubilant Pharma Limited	28 May 2008
3	Jubilant Clinsys Inc. ^	USA	Jubilant Pharma Holdings Inc.	4 October 2005
4	Draximage Limited, Cyprus (liquidated w.e.f. 19 November 2020) \$	Cyprus	Jubilant Pharma Limited	12 September 2008

S. No.	Name of the entity	Country of incorporation	Name of the parent company/ investor	Date of incorporation/ acquisition by the Group
Subsidiaries				
5	Draximage Limited, Ireland (liquidated w.e.f. 30 June 2021) ^{\$}	Ireland	Jubilant Pharma Limited	20 October 2008
6	Jubilant DraxImage (USA) Inc. [^]	USA	Jubilant Pharma Holdings Inc.	4 November 2008
7	6981364 Canada Inc. (merged with Jubilant DraxImage Inc. w.e.f. 31 May 2021) ^{\$}	Canada	Jubilant DraxImage Inc.	28 May 2008
8	Draximage (UK) Limited ^{\$}	United Kingdom (UK)	Jubilant DraxImage Inc.	28 May 2008
9	Jubilant Draximage Limited [^]	India	Jubilant Pharma Limited	9 September 2009
10	Jubilant HollisterStier Inc. [@]	USA	Jubilant Pharma Holdings Inc.	1 October 2009
11	Draxis Pharma LLC [@]	USA	Jubilant HollisterStier Inc.	1 October 2009
12	Jubilant Pharma Holdings Inc. [^]	USA	Jubilant Pharma Limited holds 84.71% Jubilant Generics Limited holds 15.29%	12 September 2005
13	Jubilant Cadista Pharmaceuticals Inc. [^]	USA	Jubilant Pharma Holdings Inc.	1 July 2005
14	Jubilant Generics Limited [^]	India	Jubilant Pharma Limited	25 November 2013
15	Jubilant Pharma NV [@]	Belgium	Jubilant Generics Limited holds 77.65% Jubilant Pharma Limited holds 22.35%	20 June 2014

S. No.	Name of the entity	Country of incorporation	Name of the parent company/ investor	Date of incorporation/ acquisition by the Group
Subsidiaries				
16	Jubilant Pharmaceuticals NV ^	Belgium	Jubilant Pharma N.V. holds 99.81% Jubilant Pharma Limited holds 0.19%	20 June 2014
17	PSI Supply NV ^	Belgium	Jubilant Pharma N.V. holds 99.50% Jubilant Pharma Limited holds 0.50%	20 June 2014
18	Jubilant Pharma Australia Pty Limited ^	Australia	Jubilant Pharma Limited	11 August 2016
19	Jubilant Draximage Radiopharmacies Inc. ^	USA	Jubilant Pharma Holdings Inc.	8 March 2017
20	Jubilant Pharma SA (Pty) Ltd. ^	South Africa	Jubilant Pharma Limited	14 February 2019
21	Jubilant Pharma UK Limited ^	UK	Jubilant Pharma Limited	17 April 2019
22	Jubilant Pharma ME FZ-LLC ^	UAE	Jubilant Pharma Limited	31 October 2021
Partnerships				
23	Jubilant HollisterStier General Partnership ^	Canada	Jubilant HollisterStier Inc. holds 99.99% Draxis Pharma LLC holds 0.01%	28 May 2008
24	Draximage General Partnership (liquidated w.e.f. 31 May 2021) ^	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 Company holds 100% directly or indirectly in each of the subsidiaries and partnerships.

The associate and subsidiaries of associate of JPL, Singapore are as follows:

S. No.	Name of the entity	Country of incorporation	Name of the parent company/ investor	Percentage (%) of ownership interest held by the Group	Date of acquisition by the Group
Associate					
1	Sofie Biosciences, Inc. (refer note 5(a))	USA	Jubilant Pharma Limited	25%	4 November 2020
Subsidiaries of Associate					
2	Sofie Network, Inc.	USA	Sofie Biosciences, Inc.	25%	4 November 2020
3	N-Molecular, Inc.	USA	Sofie Network, Inc.	25%	4 November 2020
4	GRD US PET Operations, Inc.	USA	Sofie Network, Inc.	25%	4 November 2020
5	SOFIE Co.	USA	GRD US PET Operations, Inc.	25%	4 November 2020
6	iTheragnostics Inc.	USA	Sofie Biosciences, Inc.	17.50%	4 November 2020

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 by the Group entities to all the years presented.

2.1 Basis of preparation

- (i) The consolidated financial statements have been prepared in compliance with International Financial Reporting Standard (IFRS) as issued by the 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 the historical cost convention on an 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 Company 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 Company to enable the Parent Company to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

2.3 Consolidation procedure

- (a) Combined 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) The carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary are offset. Business combinations policy explains the accounting for any related goodwill (refer note 2.7).
- (c) 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 Equity accounted investee

The Group's interest in equity accounted investee comprises interest in an associate. Associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policy decisions of the investee.

Interest in an associate is accounted for using the equity method. Under the equity method of accounting, the investment in an associate is initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity accounted investee until the date on which significant influence ceases. Goodwill (i.e. excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee) relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately. Dividends received or receivable from associate are recognised as a reduction in the carrying amount of the investment. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value.

2.5 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.

2.6 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).

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.

2.7 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 as a gain on bargain purchase.

Business combinations involving transfer of assets and liabilities constituting a business or 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 if the impact is significant. 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.

2.8 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 costs of software system are measured initially at cost.
- Internally generated goodwill is not recognised as an asset. With regards 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

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 the straight-line method.

The estimated useful lives of intangibles are as follows:

Product registration/market authorisation – Internally generated and Acquired	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 and presented as disposals during the year. 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.

2.9 Impairment of non-financial assets

Goodwill, intangible assets that have an indefinite useful life and intangible assets under development 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 an asset or 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 asset or CGU.

Impairment loss is recognised in the consolidated statement of profit and loss. 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.

2.10 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. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Consolidated 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 on the principal amount outstanding.

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 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.

(iii) 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.

(iv) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

2.11 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)	Direct materials, direct labour and an appropriate proportion of variable and fixed production overheads, the latter being allocated on the basis of normal operating capacity
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.

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.

2.12 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.

2.13 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 and contractual requirements, a decommissioning provision in respect of estimated costs of cleaning and repairing leased premises to be performed at the time it is vacated and 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.

2.14 Revenue recognition

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 taxes or duties collected on behalf of the government 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.

2.15 Employee benefits

- (i) *Short-term employee benefits:* All employee benefits falling due within twelve months from 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” (“the Trust”) (a multiemployer trust) for most of its employees in India.

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

Also refer note 25(A)(a).

- (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).

2.16 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.

2.17 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.

- *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 and associate, 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 there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

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

2.18 Leases – Group as a lessee

The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (1) the contract involves the use of an identified asset; (2) the Group has substantially all of the economic benefits from use of the asset through the period of the lease; and (3) the Group has the right to direct the use of the asset.

The Group's lease asset classes primarily consist of leases for buildings and vehicles, which typically run for a period of 3 to 5 years, with an option to renew the lease after that date. For certain leases, the Group is restricted from entering into any sub-lease arrangements. At the date of commencement of the lease, the Group recognises a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases). For these short-term leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Right-of-use assets and lease liabilities includes the options to extend or terminate the lease when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Consolidated Statements of Profit or Loss and Other Comprehensive Income.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates based on information available as at the date of commencement of the lease. Lease liabilities are remeasured with a corresponding adjustment to the related right-of-use asset if the Group changes its assessment of whether it will exercise an extension or a termination option. Lease liability and right-of-use asset have been separately presented in the Consolidated Statements of Financial Position and lease payments have been classified as financing cash flows.

IFRS 16 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Group's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

2.19 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 Group 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.

2.20 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.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities 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.

2.21 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 stated 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.

2.22 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 2.9 and 4
- Assessment of useful life of property, plant and equipment and intangible asset – Note 2.8(iii)
- Valuation of inventories – Note 8
- Recognition of revenue and related accruals – Note 2.14
- Lease term: whether the Group is reasonably certain to exercise extension options – Note 2.18

The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, inventories, property, plant and equipment, goodwill and intangible assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions, the Group has, as at the date of approval of these financial statements, used internal and external sources of information, including economic forecasts and estimates from market sources, on the expected future performance of the Group. On the basis of evaluation and current indicators of future economic conditions, the Group expects to recover the carrying amounts of these assets and does not anticipate any impairment to these financial and non-financial assets. However, the impact assessment of COVID-19 is a continuing process, given the uncertainties associated with its nature and duration. The Group will continue to monitor any material changes to future economic conditions.

2.23 Recent accounting pronouncements

Standards issued but not adopted

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective.

IAS 16 – Property, plant and equipment - Proceeds before intended use

In May 2020, IASB amended IAS 16, which prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. This amendment is effective for annual reporting period beginning on or after 1 January 2022, although early adoption is permitted. The Group does not expect the amendment to have any significant impact on its recognition of its property, plant and equipment in its consolidated financial statements.

IAS 37 – Onerous Contracts - Cost of Fulfilling a Contract

In May 2020, IASB issued Onerous Contracts - Cost of Fulfilling a Contract, which specify that that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. This amendment is effective for annual reporting period beginning on or after 1 January 2022, although early adoption is permitted. The Group does not expect the amendment to have any significant impact on its consolidated financial statements.

IAS 1 – Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current

In January 2020, IASB issued the final amendments in Classification of Liabilities as Current or Non-Current, which affect only the presentation of liabilities in the statement of financial position. They clarify that classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the “right” to defer settlement by at least twelve months. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. They make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. This amendment is effective for annual reporting period beginning on or after 1 January 2023, although early adoption is permitted. The Group does not expect the amendment to have any significant impact on its presentation of liabilities in its consolidated financial statements.

IAS 1 – Presentation of Financial Statements - Disclosure of Accounting Policies

In February 2021, IASB issued ‘Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)’ which is intended to help entities in deciding which accounting policies to disclose in their financial statements. The amendments to IAS 1 require entities to disclose their material accounting policies rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. This amendment is effective for annual reporting period beginning on or after 1 January 2023, although early adoption is permitted. The Group does not expect this amendment to have any significant impact in its consolidated financial statements.

IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

In February 2021, IASB issued ‘Definition of Accounting Estimates (Amendments to IAS 8)’ to help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. This amendment is effective for annual reporting period beginning on or after 1 January 2023, although early adoption is permitted. The Group does not expect this amendment to have any significant impact in its consolidated financial statements.

IAS 12 – Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In May 2021, IASB issued ‘Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12), which clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. This amendment is effective for annual reporting period beginning on or after 1 January 2023, although early adoption is permitted. The Group does not expect this amendment to have any significant impact in its consolidated financial statements.

3 Property, plant and equipment

	(Amounts in USD)								
	Land-freehold	Buildings-factory	Buildings-others	Furniture and fixtures	Plant and equipment	Office equipment	Vehicles-owned	Capital work-in-progress	Total
Gross carrying amount as at 1 April 2020	6,379,092	115,098,759	3,777,323	16,136,971	304,630,821	15,240,444	121,653	26,889,299	488,274,362
Additions	—	382,589	326,582	4,129,301	20,783,548	2,907,514	287	28,191,138	56,720,959
Disposals	—	—	—	(255,698)	(863,228)	(116,736)	—	(29,743,845)	(30,979,507)
Foreign currency translation adjustment	299,419	2,835,729	142,437	326,999	11,862,793	537,976	4,721	622,128	16,632,202
Gross carrying amount as at 31 March 2021	6,678,511	118,317,077	4,246,342	20,337,573	336,413,934	18,569,198	126,661	25,958,720	530,648,016
Accumulated depreciation as at 1 April 2020	—	40,105,148	573,193	8,828,270	152,830,423	10,696,566	94,360	—	213,127,960
Depreciation charge for the year	—	4,073,807	204,240	1,870,924	17,878,444	1,548,420	6,045	—	25,581,880
Disposals	—	—	—	(208,629)	(651,246)	(75,034)	—	—	(934,909)
Foreign currency translation adjustment	—	1,300,565	31,849	189,978	6,585,437	381,279	3,853	—	8,492,961
Accumulated depreciation as at 31 March 2021	—	45,479,520	809,282	10,680,543	176,643,058	12,551,231	104,258	—	246,267,892
Net carrying amount as at 31 March 2021	6,678,511	72,837,557	3,437,060	9,657,030	159,770,876	6,017,967	22,403	25,958,720	284,380,124

	(Amounts in USD)								
	Land-freehold	Buildings-factory	Buildings-others	Furniture and fixtures	Plant and equipment	Office equipment	Vehicles-owned	Capital work-in-progress	Total
Gross carrying amount as at 1 April 2021	6,678,511	118,317,077	4,246,342	20,337,573	336,413,934	18,569,198	126,661	25,958,720	530,648,016
Additions	–	243,817	1,751	5,943,326	16,855,970	936,718	150,869	34,843,539	58,975,990
Disposals	–	–	–	(14,048)	(3,984,516)	(398,277)	–	(23,280,038)	(27,676,879)
Foreign currency translation adjustment	(48,059)	(778,864)	(160,131)	(177,827)	(3,841,411)	(129,732)	(6,686)	(57,361)	(5,200,071)
Gross carrying amount as at 31 March 2022	6,630,452	117,782,030	4,087,962	26,089,024	345,443,977	18,977,907	270,844	37,464,860	556,747,056
Accumulated depreciation as at 1 April 2021	–	45,479,520	809,282	10,680,543	176,643,058	12,551,231	104,258	–	246,267,892
Depreciation charge for the year	–	4,171,497	206,410	2,518,785	19,474,794	1,719,532	18,354	–	28,109,372
Disposals	–	–	–	(13,273)	(3,650,059)	(361,797)	–	–	(4,025,129)
Foreign currency translation adjustment	–	(191,418)	(41,248)	(124,256)	(1,965,267)	(91,872)	(4,384)	–	(2,418,445)
Accumulated depreciation as at 31 March 2022	–	49,459,599	974,444	13,061,799	190,502,526	13,817,094	118,228	–	267,933,690
Net carrying amount as at 31 March 2022	6,630,452	68,322,431	3,113,518	13,027,225	154,941,451	5,160,813	152,616	37,464,860	288,813,366

Note: Property, plant and equipment includes finance cost capitalised on general borrowings with a capitalisation rate of 3.32% and 5.82% during the years ended 31 March 2022 and 31 March 2021, respectively:

	2022 USD	2021 USD
Finance costs capitalised	117,804	53,506

4 Intangible assets

(Amounts in USD)

	Other intangible assets						
	Internally generated product registration/market authorisation	Acquired product registration/market authorisation	Acquired patent, trademarks/ trade names and customer contracts	Software	Intangible assets under development [note (a)]	Total other intangible assets	Goodwill
Gross carrying amount as at 1 April 2020	104,683,806	27,847,724	16,342,714	20,815,723	69,558,107	239,248,074	160,044,663
Additions	2,535,662	–	–	1,244,382	13,670,441	17,450,485	–
Disposals ⁽²⁾	–	–	–	–	(7,268,036)	(7,268,036)	–
Foreign currency translation adjustments	7,551,615	3,538,903	911,411	898,753	5,472,815	18,373,497	9,574,866
Gross carrying amount as at 31 March 2021	114,771,083	31,386,627	17,254,125	22,958,858	81,433,327	267,804,020	169,619,529
Accumulated amortisation as at 1 April 2020	76,349,462	27,847,724	15,562,849	16,716,084	–	136,476,119	–
Amortisation for the year	9,089,604	–	86,462	1,620,212	–	10,796,278	–
Disposals	–	–	–	–	–	–	–
Foreign currency translation adjustments	4,746,984	3,538,903	911,411	807,377	–	10,004,675	–
Accumulated amortisation as at 31 March 2021	90,186,050	31,386,627	16,560,722	19,143,673	–	157,277,072	–
Net carrying amount as at 31 March 2021	24,585,033	–	693,403	3,815,185	81,433,327	110,526,948	169,619,529
Gross carrying amount as at 1 April 2021	114,771,083	31,386,627	17,254,125	22,958,858	81,433,327	267,804,020	169,619,529
Additions	911,863	–	–	548,079	16,427,990	17,887,932	–
Disposals ⁽²⁾	–	–	–	–	(3,506,818)	(3,506,818)	–
Foreign currency translation adjustments	1,028,325	1,233,463	43,997	(72,185)	9,477	2,243,077	1,957,034
Gross carrying amount as at 31 March 2022	116,711,271	32,620,090	17,298,122	23,434,752	94,363,976	284,428,211	171,576,563
Accumulated amortisation as at 1 April 2021	90,186,050	31,386,627	16,560,722	19,143,673	–	157,277,072	–
Amortisation for the year	9,337,093	–	86,463	1,691,843	–	11,115,399	–
Disposals	–	–	–	–	–	–	–
Foreign currency translation adjustments	372,106	1,233,463	43,996	(49,206)	–	1,600,359	–
Accumulated amortisation as at 31 March 2022	99,895,249	32,620,090	16,691,181	20,786,310	–	169,992,830	–
Net carrying amount as at 31 March 2022	16,816,022	–	606,941	2,648,442	94,363,976	114,435,381	171,576,563

Note (a): Include finance cost capitalised on general borrowings with a capitalisation rate of 3.32% and 5.82% during the years ended 31 March 2022 and 31 March 2021, respectively:

	2022	2021
	USD	USD
Finance costs capitalised	192,498	959,724

(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 CGUs are as follows:

	2022 USD	2021 USD
Allergy Therapy	14,149,899	14,149,899
Radiopharmaceutical	67,858,978	65,459,236
Generics	19,693,623	20,259,986
Contract Manufacturing Operation	69,874,063	69,750,408
Total goodwill	171,576,563	169,619,529

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 changes 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 estimated would not cause the carrying amount to exceed the recoverable amount of the related CGUs.

Value in use was determined by discounting the future cash flows generated from the continuing use of each 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's view on the future long-term growth rate.

	2022	2021
Allergy Therapy	2%	2%
Radiopharmaceutical	2%	2%
Generics	0%-2%	0%-2%
Contract Manufacturing Operation	2%	2%

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

	2022	2021
Allergy Therapy	11%	8%
Radiopharmaceutical	8%-10%	7%-9%
Generics	8%-12%	8%-12%
Contract Manufacturing Operation	9%	8%-10%

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

(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 tested for impairment. Based on the prevailing market conditions driven by withdrawal of product filing, uneconomic pricing market conditions, technical and financial assessment, USD 2,046,876 and USD 3,487,992 impairment have been charged in the Generics segment during the years ended 31 March 2022 and 31 March 2021, respectively and are included under amortisation expense for the year/disposals of 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 pre-tax discount rate of 8% to 12% and 7% to 12% during the years ended 31 March 2022 and 31 March 2021, respectively.

5 (a) Equity accounted investee

Associate

On 4 November 2020, the Company acquired 2,796,747 Series C Preferred Stock of Sofie Biosciences, Inc. (“Sofie”), USA representing 25% share in its fully-diluted equity, for a total consideration of USD 25,000,000. Each share of Series C Preferred Stock is convertible into one share of Common Stock. Sofie is engaged in manufacturing and distribution of radiopharmaceuticals and has a contract manufacturing facility in the USA. Strategic partnership between the Company and Sofie will enable collaboration in the development, manufacturing and distributions of radiopharmaceuticals that will help in diagnosis and treatment of a wide variety of oncology diseases.

The following table summarises the financial information of Sofie as included in its consolidated financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies, if any. The table also reconciles the summarised consolidated financial information to the carrying amount of the Group’s interest in Sofie. The information for the year ended 31 March 2021 presented in the table includes the consolidated results of Sofie for the period from 4 November 2020 to 31 March 2021.

	2022	2021
	USD	USD
Non-current assets	91,978,986	93,476,145
Current assets	80,607,489	48,339,307
Non-current liabilities	(18,604,990)	(25,574,820)
Current liabilities	(67,806,925)	(19,408,179)
Total equity	86,174,560	96,832,453
Non-controlling interests	678,678	(4,542,174)
Equity attributable to owners of Sofie	86,853,238	92,290,279
Group’s share of net assets (25%)	21,713,309	23,072,570
Goodwill	4,028,972	4,028,972
Carrying amount of interest in associate	25,742,281	27,101,542

	2022	2021
	USD	USD
Revenue	79,749,689	45,729,463
(Loss)/profit from continuing operations	(5,233,278)	11,291,468
Post-tax profit from discontinued operations	—	—
Other comprehensive income	—	—
Total comprehensive (loss)/income ⁽¹⁾	(5,233,278)	11,291,468

⁽¹⁾ Share of (loss)/profit of equity accounted investee is computed after deducting total comprehensive income attributable to non-controlling interest amounting to USD 203,764 and USD 5,087,877 for the years ended 31 March 2022 and 31 March 2021, respectively.

(b) Other investments

	2022	2021
	USD	USD
Investment in equity instruments measured at FVOCI		
Shares of capital stock		
Navidea Biopharmaceuticals, Inc.*	165,272	422,594
Investment in debt instruments		
Convertible note and warrants		
Muroplex Therapeutics, Inc.**	—	—
	165,272	422,594

* The Group designated this investment as equity instruments measured at FVOCI because these shares represent investment that the Group intends to hold for long-term for strategic purposes.

**Debt instruments amounting to 268,487, represents 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

	2022	2021
	USD	USD
Non-current		
Loans to related parties (refer note 30)	60,880,232	44,453,563
Deposits with maturity after 12 months from the reporting date *	1,941	171,471
Others	1,029,668	1,062,403
Total non-current other financial assets	<u>61,911,841</u>	<u>45,687,437</u>
Current		
Advances recoverable from related parties (refer note 30)	1,050,539	576,220
Loan to related party (refer note 30)	–	4,000,000
Deposits with maturity up to 12 months from the reporting date *	53,404	22,776,977
Unbilled receivables	7,910,493	6,519,526
Insurance claim recoverable	1,738,112	1,996,374
Interest receivable	254,621	309,102
Others	839,457	698,834
Total current other financial assets	<u>11,846,626</u>	<u>36,877,033</u>
Total other financial assets	<u>73,758,467</u>	<u>82,564,470</u>

* USD 55,345 and USD 941,356 as at 31 March 2022 and 31 March 2021, respectively have restricted use.

Non-current loans to related parties are unsecured, interest bearing at 3.50% - 6.75% per annum and are repayable between 2025 and 2027.

Current loan to related party as at 31 March 2021 was unsecured, interest bearing at 3.5% per annum and was repayable on demand.

7 Other assets

	2022	2021
	USD	USD
Non-current		
Advances for capital expenditures	11,789,463	5,114,313
Total other non-current assets	<u>11,789,463</u>	<u>5,114,313</u>
Current		
Prepaid expenses	8,923,734	10,376,933
Advances for supply of goods and services	3,921,056	1,759,020
Recoverable from government authorities	12,091,837	11,160,980
Government grants recoverable	300,503	4,519,623
Others	846,553	262,268
Total other current assets	<u>26,083,683</u>	<u>28,078,824</u>
Total other assets	<u>37,873,146</u>	<u>33,193,137</u>

8 Inventories

	2022 USD	2021 USD
Raw materials	39,156,131	36,428,534
Work-in-progress	49,330,641	47,305,235
Finished goods	36,492,517	33,721,000
Stock-in-trade	5,016,374	3,967,271
Stores and spares	20,593,509	18,306,602
Packing material	13,976,448	14,338,442
Others- process chemicals and fuels	176,385	156,881
Total inventories	<u>164,742,005</u>	<u>154,223,965</u>

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

	2022 USD	2021 USD
Inventories written down*	<u>23,070,182</u>	<u>12,367,680</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 469,501,775 and USD 446,659,958 for the years ended 31 March 2022 and 31 March 2021, respectively.

9 Trade receivables

	2022 USD	2021 USD
Current		
Trade receivables	114,358,219	108,084,100
Receivables from related parties (refer note 30)	430,209	280,386
Less: Loss allowance	<u>(3,376,761)</u>	<u>(2,967,738)</u>
Total trade receivables	<u>111,411,667</u>	<u>105,396,748</u>

The Group's exposure to credit and currency risks, and loss allowance related to trade receivables is disclosed in note 27.

10 Cash and cash equivalents

	2022	2021
	USD	USD
Balances with banks		
- in current accounts	111,667,772	54,761,958
Cash on hand	3,846	8,175
Cheques/drafts on hand	348,500	–
Others		
- Funds in transit	1,621	318,452
Total cash and cash equivalents	<u>112,021,739</u>	<u>55,088,585</u>

11 Loans and borrowings

(a) Non-current

	2022	2021
	USD	USD
Senior Notes at amortised cost	200,000,000	200,000,000
Term loans at amortised cost	116,636,127	150,000,000
Debt initiation cost	(1,401,537)	(2,141,445)
Total non-current loans and borrowings	<u>315,234,590</u>	<u>347,858,555</u>

(b) Current

	2022	2021
	USD	USD
Current maturities of non-current loans and borrowings	52,693,087	–
Short term loans repayable on demand (secured)	8,444,107	2,735,747
Total current loans and borrowings	<u>61,137,194</u>	<u>2,735,747</u>

Terms and debt repayment schedule

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

Nature of loan and borrowings	Maturity pattern	----- 2022 -----			----- 2021 -----		
		Interest rate %	Face Value USD	Carrying amount USD	Interest rate %	Face value USD	Carrying amount USD
Senior Notes 2024 @	Repayable in 2024	6%	200,000,000	198,811,591	6%	200,000,000	198,246,342
Term loan #	6 equal quarterly instalments beginning October 2022	LIBOR plus 2.60%	150,000,000	149,786,872	LIBOR plus 2.60%	150,000,000	149,612,213
Term loan (secured)	Monthly instalments ending in 2028	1.8576%	19,329,214	19,329,214	—	—	—
Total			<u>369,329,214</u>	<u>367,927,677</u>		<u>350,000,000</u>	<u>347,858,555</u>
Less: Current maturities of non-current loans and borrowings (included in current loans and borrowings)			(52,693,087)	(52,693,087)		—	—
Non-current borrowings			<u>316,636,127</u>	<u>315,234,590</u>		<u>350,000,000</u>	<u>347,858,555</u>

@ 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 with such covenants as at 31 March 2022 and 31 March 2021.

The terms of the loan arrangement contain certain restrictive covenants, mainly the requirements to maintain certain financial ratios. The Group was in compliance with such covenants as at 31 March 2022 and 31 March 2021. The loan has been guaranteed by certain subsidiaries of the Company as per the terms of the loan agreement.

(c) Assets pledged as security

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

	2022 USD	2021 USD
Property, plant and equipment and intangible assets	9,029,312	95,465,980
Inventories	113,674,400	109,920,437
Financial assets	110,321,027	54,795,739
Other assets	2,585,519	1,622,577
	<u>235,610,258</u>	<u>261,804,733</u>

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

	As at 31 March 2020	Financing cash flows	----- Non-cash changes -----						As at 31 March 2021
	USD	USD	New leases USD	Foreign currency translation adjustment USD	Amortisation of transaction costs USD	Unwinding of discount on decommissioning provisions	Finance costs expensed USD	Finance costs capitalised USD	USD
Senior Notes 2021	198,970,609	(200,000,000)	—	—	1,029,391	—	—	—	—
Senior Notes 2024	197,715,676	—	—	—	530,666	—	—	—	198,246,342
Term loans	—	149,579,807	—	—	32,406	—	—	—	149,612,213
Revolver credit facility	31,002,896	(31,002,896)	—	—	—	—	—	—	—
Lease liabilities	20,614,518	(6,764,544)	17,189,143	87,991	—	—	—	—	31,127,108
Short term loans repayable on demand	13,205,332	(10,764,695)	—	295,110	—	—	—	—	2,735,747
Interest accrued	5,607,622	(30,676,392)	—	1,108	(1,592,463)	(175,723)	27,372,825	1,013,230	1,550,207
Total	467,116,653	(129,628,720)	17,189,143	384,209	—	(175,723)	27,372,825	1,013,230	383,271,617

	As at 31 March 2021	Financing cash flows	----- Non-cash changes -----						As at 31 March 2022
	USD	USD	New leases USD	Foreign currency translation adjustment USD	Amortisation of transaction costs USD	Unwinding of discount on decommissioning provisions	Finance costs expensed USD	Finance costs capitalised USD	USD
Senior Notes 2024	198,246,342	—	—	—	565,249	—	—	—	198,811,591
Term loans	149,612,213	19,329,214	—	—	174,659	—	—	—	169,116,086
Lease liabilities	31,127,108	(6,890,413)	8,668,298	(81,719)	—	—	—	—	32,823,274
Short term loans repayable on demand	2,735,747	5,907,676	—	(199,316)	—	—	—	—	8,444,107
Interest accrued	1,550,207	(18,082,176)	—	3,237	(739,908)	(158,976)	18,826,661	310,302	1,709,347
Total	383,271,617	264,301	8,668,298	(277,798)	—	(158,976)	18,826,661	310,302	410,904,405

12 Other financial liabilities

	2022 USD	2021 USD
Current		
Interest accrued but not due on borrowings	1,709,347	1,550,207
Capital creditors	3,987,633	1,467,705
Others	35,624	13,678
Total other current financial liabilities	<u>5,732,604</u>	<u>3,031,590</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	Intangible assets USD	Lease liabilities USD	Others USD	Total USD
As at 31 March 2020	38,988	19,231,356	13,115,121	15,811,012	6,054,771	5,004,877	3,998,270	63,254,395
(Charged)/Credited:								
- to profit and loss	(38,988)	(8,643,892)	477,124	5,296,530	(1,428,128)	3,080,667	234,760	(1,021,927)
- to other comprehensive income	—	—	(17,776)	—	—	—	1,522,417	1,504,641
- foreign currency translation reserve	—	611,839	62,214	601,679	206,877	21,848	4,167	1,508,624
As at 31 March 2021	—	11,199,303	13,636,683	21,709,221	4,833,520	8,107,392	5,759,614	65,245,733
(Charged)/Credited:								
- to profit and loss	—	(270,524)	(2,636,537)	559,827	(1,938,863)	(5,961,046)	(1,790,009)	(12,037,152)
- to other comprehensive income	—	—	(63,497)	—	—	—	—	(63,497)
- foreign currency translation reserve	—	(415,652)	(81,892)	(794,310)	(116,891)	(17,488)	(11,516)	(1,437,749)
As at 31 March 2022	—	10,513,127	10,854,757	21,474,738	2,777,766	2,128,858	3,958,089	51,707,335

Deferred tax liabilities:

	PPE, Intangibles and Right-of-use assets USD	Others USD	Total USD
As at 31 March 2020	60,718,644	2,190,720	62,909,364
Charged/(Credited):			
- to profit and loss	5,404,401	(2,059,604)	3,344,797
- foreign currency translation reserve	2,485,819	158,268	2,644,087
As at 31 March 2021	68,608,864	289,384	68,898,248
Charged/(Credited):			
- to profit and loss	(4,155,937)	(92,662)	(4,248,599)
- to merger reserve	(1,521,996)	–	(1,521,996)
- foreign currency translation reserve	13,622	2,157	15,779
As at 31 March 2022	62,944,553	198,879	63,143,432

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.

	2022 USD	2021 USD
Deferred tax assets	20,021,087	24,905,493
Deferred tax liabilities	(31,457,184)	(28,558,008)
Deferred tax (liabilities)/assets (net)	<u>(11,436,097)</u>	<u>(3,652,515)</u>

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, the amount of the deferred income tax assets are considered realisable.

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

	2022	2021
	USD	USD
Balance as at the commencement of the year	3,652,515	(345,031)
Tax expense during the year recognised in consolidated statement of profit or loss	7,788,553	4,366,724
Tax expense/(benefit) during the year recognised in other comprehensive income	63,497	(1,504,641)
Tax benefit during the year recognised in merger reserve	(1,521,996)	–
Foreign currency translation adjustment	1,453,528	1,135,463
Balances as at the end of the year	<u>11,436,097</u>	<u>3,652,515</u>

(a) Tax losses

	2022	2021
	USD	USD
Tax losses for which no deferred tax has been recognised	<u>3,231,866</u>	<u>3,312,337</u>

Tax losses of USD 36,920 and USD 33,401 as at 31 March 2022 and 31 March 2021 expire between 2023 and 2030. 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

	2022	2021
	USD	USD
Undistributed earnings	754,987,470	684,984,498
Indexation benefit of investment in subsidiaries	3,998,761	3,284,082
Indexation benefit of freehold land	<u>589,536</u>	<u>484,171</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.

(c) Tax-related contingencies – Refer note 31.

14 Provisions

	2022	2021
	USD	USD
Non-current		
Decommissioning provisions	5,877,281	5,577,729
Total non-current provisions	<u>5,877,281</u>	<u>5,577,729</u>
Current		
Provision for sales return	3,904,113	4,164,591
Total current provisions	<u>3,904,113</u>	<u>4,164,591</u>
Total provisions	<u><u>9,781,394</u></u>	<u><u>9,742,320</u></u>

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

	2022	2021
	USD	USD
Balance at beginning of year	5,577,729	5,034,380
Provisions made during the year	236,203	430,839
Unwinding of discount	158,976	175,723
Utilised during the year	<u>(95,627)</u>	<u>(63,213)</u>
Balance at end of year	<u><u>5,877,281</u></u>	<u><u>5,577,729</u></u>

Decommissioning provision arises from regulatory and contractual requirements to perform certain asset disposal activities at the time that certain leased premises are vacated and certain machinery and equipment is disposed off.

The following table presents the movement in the provision for sales return during the year:

	2022	2021
	USD	USD
Balance at beginning of year	4,164,591	4,567,674
Provisions made during the year	4,346,569	2,903,375
Utilised during the year	(4,602,070)	(3,313,122)
Effect of exchange rate changes	<u>(4,977)</u>	<u>6,664</u>
Balance at end of year	<u><u>3,904,113</u></u>	<u><u>4,164,591</u></u>

15 Other liabilities

	2022	2021
	USD	USD
Non-current		
Contract liabilities	402,167	381,469
Statutory dues payables	–	2,660,405
Deferred income - government grant	560,469	654,107
Total other non-current liabilities	<u>962,636</u>	<u>3,695,981</u>
Current		
Contract liabilities	10,962,916	6,698,425
Statutory dues payables	7,105,005	5,694,588
Deferred income - government grant	102,506	106,287
Total other current liabilities	<u>18,170,427</u>	<u>12,499,300</u>
Total other liabilities	<u>19,133,063</u>	<u>16,195,281</u>

16 Trade payables

	2022	2021
	USD	USD
Trade payables to related parties (refer note 30)	2,693,310	4,289,305
Other trade payables	68,824,396	65,278,173
Total trade payables	<u>71,517,706</u>	<u>69,567,478</u>

17 Revenue from operations

	2022	2021
	USD	USD
Revenue from contracts with customers:		
- Sale of products	572,541,000	580,454,161
- Sale of services	177,932,786	183,281,400
Other operating revenue *	9,113,467	17,903,133
Total revenue from operations	<u>759,587,253</u>	<u>781,638,694</u>
 * Includes government grant recognised	 <u>2,963,253</u>	 <u>12,127,604</u>

(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.

	----- 2022 -----				----- 2021 -----			
	Specialty Pharmaceuticals USD	Contract Development and Manufacturing Operations USD	Generics USD	Total USD	Specialty Pharmaceuticals USD	Contract Development and Manufacturing Operations USD	Generics USD	Total USD
Primary geographical markets								
North America	340,361,576	185,411,591	91,832,672	617,605,839	298,788,115	167,163,735	144,009,506	609,961,356
Europe	4,056,265	27,553,114	4,659,971	36,269,350	2,107,433	48,944,827	5,994,469	57,046,729
Asia	754,196	21,503,634	52,193,774	74,451,604	668,606	25,820,123	40,369,403	66,858,132
Rest of the world	2,450,664	13,816,486	5,879,843	22,146,993	2,347,194	21,219,731	6,302,419	29,869,344
Total	347,622,701	248,284,825	154,566,260	750,473,786	303,911,348	263,148,416	196,675,797	763,735,561
Major products/service lines								
Radiopharmaceuticals	281,911,539	—	—	281,911,539	251,464,603	—	—	251,464,603
Contract Manufacturing Operations	—	177,880,834	—	177,880,834	—	182,507,795	—	182,507,795
Allergy Therapy products	65,711,162	—	—	65,711,162	52,446,745	—	—	52,446,745
Solid Dosage Formulations	—	—	154,566,260	154,566,260	—	—	196,675,797	196,675,797
Active Pharmaceutical Ingredients	—	70,403,991	—	70,403,991	—	80,640,621	—	80,640,621
Total	347,622,701	248,284,825	154,566,260	750,473,786	303,911,348	263,148,416	196,675,797	763,735,561

Reconciliation of the disaggregated revenue with the Group's reportable segments (refer note 29):

	Specialty Pharmaceuticals USD	Contract Development and Manufacturing Operations USD	Generics USD	Total USD
2022				
Revenue from contracts with customers	347,622,701	248,284,825	154,566,260	750,473,786
Other operating revenue	3,193,840	4,592,388	1,327,239	9,113,467
Revenue from reportable segments	<u>350,816,541</u>	<u>252,877,213</u>	<u>155,893,499</u>	<u>759,587,253</u>
2021				
Revenue from contracts with customers	303,911,348	263,148,416	196,675,797	763,735,561
Other operating revenue	7,073,558	8,202,051	2,627,524	17,903,133
Revenue from reportable segments	<u>310,984,906</u>	<u>271,350,467</u>	<u>199,303,321</u>	<u>781,638,694</u>

(B) Contract balances

	2022 USD	2021 USD	1 April 2020 USD
Trade receivables	111,411,667	105,396,748	116,049,995
Unbilled receivables	7,910,493	6,519,526	5,093,873
Contract liabilities	<u>11,365,083</u>	<u>7,079,894</u>	<u>6,711,193</u>

The amount of USD 4,044,750 and USD 3,687,067 recognised in contract liabilities at the beginning of the year has been recognised as revenue for the years ended 31 March 2022 and 31 March 2021, respectively.

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 1,431,427 and USD 2,475,300 as at 31 March 2022 and 31 March 2021, respectively, majority of which is expected to be recognised as revenue in the next two years.

18 Other income

	2022 USD	2021 USD
Others	436,317	539,328
Total other income	<u>436,317</u>	<u>539,328</u>

19 Employee benefits expense

	2022	2021
	USD	USD
Salaries, wages, bonus, gratuity and allowances	205,631,883	199,456,441
Contribution to provident fund, superannuation and other funds	20,944,166	19,855,371
Staff welfare expenses	21,698,167	19,659,281
Total employee benefit expense	248,274,216	238,971,093

20 Other expenses

	2022	2021
	USD	USD
Consumption of stores and spares and packing materials	25,922,838	21,577,905
Processing charges	11,701,918	9,242,937
Repairs and maintenance		
- Plant and machinery	7,931,929	8,250,029
- Buildings	5,995,389	4,988,782
- Others	5,755,607	5,198,486
Office expenses	3,278,809	3,321,651
Communication charges	2,221,846	2,755,929
Power and fuel	16,790,481	14,285,681
Rental expense	282,757	591,257
Rates and taxes	9,401,354	8,418,830
Legal and professional fees	31,301,830	30,414,741
Travel and conveyance	3,202,202	1,363,769
Vehicle running and maintenance	1,233,890	1,028,037
Advertisement, publicity and sales promotion	2,727,593	1,180,891
Insurance expense	5,807,462	6,132,315
Claims to customer and other selling expenses	7,290,621	3,815,762
Commission on sales	4,654,332	4,704,967
Loss on sale/disposal/discard of property, plant and equipment (net)	456,977	828,262
Foreign exchange loss, net	6,373,343	8,483,244
Staff recruitment and training	2,251,572	2,120,031
Freight and forwarding	12,168,907	12,760,853
Bank charges	2,515,048	2,185,940
Miscellaneous expenses	4,477,946	4,899,345
Total other expenses	173,744,651	158,549,644

21 Finance income

	2022	2021
	USD	USD
Finance income from:		
- Loans to related parties (refer note 30)	3,137,358	2,590,372
- Others	175,373	788,940
Total finance income	<u>3,312,731</u>	<u>3,379,312</u>

22 Finance costs

	2022	2021
	USD	USD
Interest expense	17,854,034	25,589,154
Other finance costs	972,627	1,783,671
Total finance costs*	<u>18,826,661</u>	<u>27,372,825</u>
 * net of finance costs capitalised	 <u>310,302</u>	 <u>1,013,230</u>

23 Income tax expense

The major components of income tax expense are:

Profit or loss section:

	2022	2021
	USD	USD
<i>Current tax</i>		
Current tax on profits for the year	17,885,859	32,844,729
Adjustment for current income tax of previous years	(942,803)	852,497
Total current tax expense	<u>16,943,056</u>	<u>33,697,226</u>
<i>Deferred tax</i>		
Origination and reversal of temporary differences	5,913,080	4,952,247
Adjustment in respect of deferred tax of previous years	1,875,473	(585,523)
Total deferred tax expense	<u>7,788,553</u>	<u>4,366,724</u>
Income tax expense	<u><u>24,731,609</u></u>	<u><u>38,063,950</u></u>

Other comprehensive income section:

	2022	2021
	USD	USD
<i>Deferred tax</i>		
Tax benefit related to items that will be reclassified to profit or loss	–	(1,522,417)
Tax expense related to items that will not be reclassified to profit or loss	63,497	17,776
Income tax expense/(benefit)	<u>63,497</u>	<u>(1,504,641)</u>

Equity section:

	2022	2021
	USD	USD
<i>Current tax</i>		
Tax expense related to items recognised in merger reserve	2,337,530	–
Total current tax expense	<u>2,337,530</u>	<u>–</u>
<i>Deferred tax</i>		
Tax benefit related to items recognised in merger reserve	(1,521,996)	–
Total deferred tax benefit	<u>(1,521,996)</u>	<u>–</u>
Income tax expense	<u><u>815,534</u></u>	<u><u>–</u></u>

During the year, pursuant to an Asset Purchase Agreement between Jubilant DraxImage Inc., Canada (“JDI”), a subsidiary company and Jubilant Draximage Radiopharmacies Inc, USA (“JDRI”), another subsidiary company, JDI acquired the radiopharmacies business of JDRI for a consideration of USD 25,760,807. This transfer being a transaction between common control entities, the difference in applicable tax on this transaction in the two subsidiaries amounting to USD 815,534 has been recorded in merger reserve in these consolidated financial statements.

Reconciliation between average effective tax rate and applicable tax rate:

	2022	2021
	USD	USD
Profit from continuing operations before income tax expense		
	71,368,564	107,008,252
Weighted average applicable tax rate	23.43%	28.66%
Tax at the weighted average applicable tax rate	16,719,416	30,668,305
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Incremental allowance for research and development	(119,282)	(202,156)
Effect of prior year taxes	932,670	266,974
Effect of state taxes	1,494,572	1,968,520
Change in tax rate	(456,273)	(243,862)
Unrecognised deferred tax on business loss	22,699	1,363
Non-deductible expenses	6,953,279	6,255,022
Others	(815,472)	(650,216)
	<u>24,731,609</u>	<u>38,063,950</u>

24 Scheme of arrangement

The Scheme of Arrangement (“the Scheme”) for demerger of the Active Pharmaceuticals Ingredients (“API”) business undertaking of Jubilant Generics Limited (“JGL”), a wholly owned subsidiary of the Company and vesting of the same with Jubilant Pharmova Limited (“JPM”), the ultimate holding company, on a going concern basis, from 1 April 2022 was approved by Hon’ble National Company Law Tribunal, Allahabad Bench (“the Tribunal”) vide its order dated 13 June 2022 (“the Order”). Accordingly, the estimated net assets of the API business undertaking as at 1 April 2022 amounting to USD 138 million approximately, shall stand transferred and vested into JPM as per the terms of the Scheme.

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:

	2022 USD	2021 USD
Employer's contribution to provident fund*	346,501	18,580
Employer's contribution to employee's pension scheme	444,925	452,272
Employer's contribution to employee state insurance	40,736	29,309

* Includes contribution for certain employees in India where Provident Fund is deposited with Government authority e.g. Regional Provident Fund Commissioner. With effect from 1 December 2021, the Group transferred the balance in the Trust to Regional Provident Fund Commissioner and started depositing contribution with Regional Provident Fund Commissioner for all the employees.

- b. The Group entities located in United States of America have a 401(k) plan, where eligible employees are permitted to participate in the defined contribution plan. Participants may voluntarily contribute eligible pre-tax and post-tax compensation of up to 100% of their annual compensation in accordance with the annual limits as determined by the Internal Revenue Service (IRS). Employees at or above the age of 50 may choose to contribute additional compensation as "catch-up" contributions in accordance with the IRS annual limits. Employees receive a 100% match of their contributions up to 3% of their eligible compensation and 50% match of their contributions over 3% up to 5% of their eligible compensation. The Group's matching contributions vest 100% immediately for all employees in the United States. The Group has contributed USD 3,948,296 and USD 3,771,207 for the years ended 31 March 2022 and 31 March 2021, 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, the Group contributes equivalent to the contribution made by the employee, up to a maximum of 5% of the employees' base salary. Under QPP, the Group contributes equivalent to the contribution made by the employees at the rate of 6.15% and 5.90% of the employees' base salary for the years ended 31 March 2022 and 31 March 2021, respectively.

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

Plan under which contributions made	2022 USD	2021 USD
Registered retirement savings plan (RRSP)	847,087	882,491
Quebec pension plan (QPP)	1,443,912	1,232,547

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 15,196 and USD 11,555 for the years ended 31 March 2022 and 31 March 2021, 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 7.20% p.a. and 6.80% p.a. as at 31 March 2022 and 31 March 2021, respectively which is determined by reference to market yields at the Statement of financial position date on government bonds. The retirement age has been considered at 58 years and the mortality table applied is as per IALM (2012-14) as at 31 March 2022 and 31 March 2021.

The estimates of future salary increases, considered in the actuarial valuation is 10% p.a. for the first three years and 6% p.a. thereafter as at 31 March 2022 and 31 March 2021, taking into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The plan assets are maintained with Life Insurance Corporation of India in respect of gratuity scheme for certain employees of 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 the plan assets is 7.20% p.a. and 6.80% p.a. as at 31 March 2022 and 31 March 2021, respectively.

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

	2022 USD	2021 USD
Present value of obligation at the beginning of the year	3,566,178	3,047,705
Employees transferred in	23,945	51,153
Current service cost	486,403	480,593
Interest cost	238,047	204,900
Actuarial gain	(183,924)	(40,915)
Benefits paid	(344,114)	(290,037)
Effect of exchange rate changes	(130,039)	112,779
Present value of obligation at the end of the year	3,656,496	3,566,178

Fair value of plan assets:**

	2022 USD	2021 USD
Plan assets at the beginning of the year	438,666	479,158
Expected return on plan assets	29,282	33,208
Contribution by employer	28,525	28,577
Benefits paid	(89,109)	(122,271)
Actuarial (loss)/gain	(921)	4,120
Effect of exchange rate changes	(14,968)	15,874
Plan assets at the end of the year	<u>391,475</u>	<u>438,666</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:

	2022 USD	2021 USD
Present value of obligation at the end of the year	3,656,496	3,566,178
Fair value of plan assets at the end of the year	<u>(391,475)</u>	<u>(438,666)</u>
Net liabilities recognised in the Statement of financial position	<u>3,265,021</u>	<u>3,127,512</u>

The Group's best estimate of contribution during the next year is USD 780,621 and USD 763,368 as at 31 March 2022 and 31 March 2021, respectively.

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

	2022 USD	2021 USD
Current service cost	486,403	480,593
Interest cost	<u>208,765</u>	<u>171,692</u>
Net cost recognised in the Consolidated Statements of Profit or Loss and Other Comprehensive Income	<u>695,168</u>	<u>652,285</u>

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

	2022	2021
	USD	USD
Actuarial (gain)/loss due to demographic assumption change	(17,001)	5,553
Actuarial gain due to financial assumption change	(69,790)	–
Actuarial gain due to experience adjustment	(97,133)	(46,468)
Actuarial loss/(gain) on plan assets	921	(4,120)
Effect of exchange rate changes	1,293	(5,836)
Amount recognised in the other comprehensive income	<u>(181,710)</u>	<u>(50,871)</u>

Sensitivity analysis:

Assumptions	Discount rates		Future salary increase	
2022				
Sensitivity level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit	(122,907)	130,604	130,831	(124,234)
2021				
Sensitivity level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit	(84,741)	88,994	88,815	(85,358)

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:

	2022	2021
	USD	USD
Within one year	453,353	598,995
Between one to three years	596,095	850,847
Between three to five years	519,207	618,041
Later than five years	2,087,841	1,498,295
	<u>3,656,496</u>	<u>3,566,178</u>

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. The Trust was surrendered with effect from 31 December 2021.

The Group has contributed to this provident fund USD 650,536 and USD 937,629 for the years ended 31 March 2022 and 31 March 2021, respectively. (refer note 30)

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

	2022	2021
	USD	USD
Present value of obligation at the end of the year	1,957,857	2,157,930

26 Fair value measurements

			----- 2022 -----			----- 2021 -----		
	Note	Level of hierarchy	FVPL USD	FVOCI USD	Amortised cost USD	FVPL USD	FVOCI USD	Amortised cost USD
Financial assets								
Other investments	(a)	1	—	165,272	—	—	422,594	—
Trade receivables	(b)		—	—	111,411,667	—	—	105,396,748
Cash and cash equivalents	(b)		—	—	112,021,739	—	—	55,088,585
Other financial assets	(e),(f)	3	—	—	73,758,467	—	—	82,564,470
Total financial assets			—	165,272	297,191,873	—	422,594	243,049,803
Financial liabilities								
Loans and borrowings – Senior Notes	(d)	1	—	—	198,811,591	—	—	197,858,555
Loans and borrowings – Others	(d),(f)	3	—	—	177,560,193	—	—	152,735,747
Lease liabilities	(b)		—	—	32,823,274	—	—	31,127,108
Trade payables	(b)		—	—	71,517,706	—	—	69,567,478
Employee benefits	(b),(c)		—	—	26,012,115	—	—	26,754,880
Other financial liabilities	(b)		—	—	5,732,604	—	—	3,031,590
Total financial liabilities			—	—	512,457,483	—	—	481,075,358

Valuation techniques and significant unobservable inputs

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 (loans 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: 3.58%-6.65% (2021: 6.75%)	The estimated fair value would increase (decrease) if the adjusted discount rate was lower (higher)
Loans and borrowings (term loans)	<i>Discounted cash flows:</i> The valuation model considers the present value of expected payments discounted using an adjusted discount rate	Adjusted discount rate: 2.93%-3.91% (2021: 2.8%)	The estimated fair value would increase (decrease) if the adjusted discount rate was lower (higher)

Note:

- (a) Fair value of quoted financial instruments (including listed debentures and bonds) is based on quoted market price at the reporting date.
- (b) 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. Further, the fair value disclosure of lease liabilities is not required.
- (c) Fair value of non-current financial liabilities has not been disclosed as there is no significant difference between carrying value and fair value.
- (d) Fair value of loans and borrowings is as below:

	Level of hierarchy	2022 USD	2021 USD
Senior Notes 2024	1	200,130,000	210,710,000
Term loans [#]	3	175,297,133	152,735,747
		<u>375,427,133</u>	<u>363,445,747</u>

[#] The fair value of non-current loans is based upon a discounted cash flow analysis that uses the aggregate cash flows from principal and finance costs over the life of the loans and current market interest rates. Further, the fair value of short term loans is considered as approximate to carrying amount due to the short term maturities of these instruments.

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

	Level of hierarchy	2022 USD	2021 USD
Other financial assets *	3	<u>73,874,264</u>	<u>80,033,580</u>

* The fair value of loans to related parties 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. Fair value of other non-current financial assets has not been disclosed as there is no significant difference between carrying value and fair value. Further, the fair value of other current financial assets is considered as approximate to carrying amount due to the short term maturities of these instruments.

(f) 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 the Group's policy.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are 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 2022 and 31 March 2021, there is no significant concentration of credit risk through exposure to an individual customer.

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.

Group's exposure to credit risk for trade receivables using a provision matrix is as follows:

	----- 2022 -----			----- 2021 -----		
	Gross carrying amount	Allowance for credit losses	Net carrying amount	Gross carrying amount	Allowance for credit losses	Net carrying amount
	USD	USD	USD	USD	USD	USD
Not due	79,860,357	–	79,860,357	77,903,557	–	77,903,557
0-90 days	25,186,062	–	25,186,062	22,811,499	(12,012)	22,799,487
90-180 days	4,510,659	(119,597)	4,391,062	4,142,948	(129,684)	4,013,264
180-270 days	703,398	(564,205)	139,193	516,339	(207,337)	309,002
270-360 days	2,021,842	(408,793)	1,613,049	346,412	(292,090)	54,322
More than 360 days	2,506,110	(2,284,166)	221,944	2,643,731	(2,326,615)	317,116
	<u>114,788,428</u>	<u>(3,376,761)</u>	<u>111,411,667</u>	<u>108,364,486</u>	<u>(2,967,738)</u>	<u>105,396,748</u>

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

	2022	2021
	USD	USD
Balance at the beginning of the year	2,967,738	2,413,564
Add: Provided during the year (net of reversal)	492,077	580,678
Less: Amount written off *	(37,677)	(149,615)
Effect of exchange rate changes	(45,377)	123,111
Balance at the end of the year	<u>3,376,761</u>	<u>2,967,738</u>

* 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 allowance for expected credit loss has been provided on these financial assets.

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.

		Contractual cash flows		
	Carrying amount USD	Total USD	Within 1 year USD	More than 1 year USD
As at 31 March 2022				
Non-derivative financial liabilities				
Loans and borrowings ⁽¹⁾	376,371,784	407,662,473	77,245,409	330,417,064
Lease liabilities	32,823,274	32,823,274	6,493,143	26,330,131
Trade payables	71,517,706	71,517,706	71,517,706	–
Other financial liabilities	5,732,604	5,732,604	5,732,604	–
Employee benefits	26,012,115	26,012,115	25,945,590	66,525
	512,457,483	543,748,172	186,934,452	356,813,720
As at 31 March 2021				
Non-derivative financial liabilities				
Loans and borrowings ⁽¹⁾	350,594,302	398,742,714	18,969,317	379,773,397
Lease liabilities	31,127,108	31,127,108	6,393,098	24,734,010
Trade payables	69,567,478	69,567,478	69,567,478	–
Other financial liabilities	3,031,590	3,031,590	3,031,590	–
Employee benefits	26,754,879	26,754,879	26,754,879	–
	481,075,357	529,223,769	124,716,362	404,507,407

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

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.

The majority of the Group's customers are based in North America. To a lesser extent, the Group also manufactures and sells products to customers outside North America in multiple foreign currencies and faces translation and transaction risks related to fluctuations in the exchange rates of such currencies. The Group's consolidated financial statements are presented in U.S. dollars, and by translating the foreign currency financial statements of foreign subsidiaries into U.S. dollars, the amounts of 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
2022				
Trade and other receivables	28,164,782	2,794,901	1,723,260	4,123,072
Cash and cash equivalents	9,972,043	51,886	1,321,928	343,142
Trade and other payables	22,119,887	1,290,758	6,861,484	3,467,429
Net statement of financial position exposure	16,016,938	1,556,029	(3,816,296)	998,785
2021				
Trade and other receivables	245,400,342	1,708,094	1,258,695	1,387,485
Cash and cash equivalents	12,741,591	54,772	–	429,563
Trade and other payables	27,265,562	2,501,988	1,806,283	2,152,766
Net statement of financial position exposure	230,876,371	(739,122)	(547,588)	(335,718)

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
2022				
USD (1% movement)	160,169	(160,169)	—	—
EUR (1% movement)	15,560	(15,560)	—	—
CAD (1% movement)	(38,163)	38,163	—	—
Others (1% movement)	9,988	(9,988)	—	—
2021				
USD (1% movement)	1,282,906	(1,282,906)	1,025,858	(1,025,858)
EUR (1% movement)	(7,391)	7,391	—	—
CAD (1% movement)	(5,476)	5,476	—	—
Others (1% movement)	(3,357)	3,357	—	—

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.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has exposure to IBOR on its financial instruments that will be replaced or reformed as a part of these market-wide initiatives. There is uncertainty over the timing and the methods of transition in some jurisdictions that the Group operates in. The Group anticipates that the impact of IBOR reform on the consolidated financial statements will not be material.

The Group monitors and manages transition to alternative rates. The Group evaluates the extent to which contracts reference IBOR cash flows, whether such contracts need to be amended as a part of IBOR reform and how to manage communication about IBOR reform with counterparties.

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	
	2022	2021
	USD	USD
Fixed-rate borrowings	219,329,214	200,000,000
Floating-rate borrowings*	158,444,107	152,735,747

* floating interest rates are based on bank's Marginal Cost of funds based Lending Rate (MCLR) or external benchmarks (e.g. T-Bill, Mibor, RBI Repo Rate etc.) or LIBOR plus spread, reset at specified intervals.

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 375,000 and USD 96,831 for the years ended 31 March 2022 and 31 March 2021, respectively. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

28 Capital 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	2022	2021
	USD	USD
Net debt	264,350,045	295,505,717
Total equity	570,728,487	536,239,038
Net debt to equity ratio	0.46	0.55

Also refer note 11.

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. Accordingly, the Group has determined the following reportable segments based on nature of its product and service:

- **Specialty Pharmaceuticals** comprising Radiopharmaceuticals (including radiopharmacies) and Allergy Therapy products;
- **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 a 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	
	2022	2021	2022	2021	2022	2021
	USD	USD	USD	USD	USD	USD
REVENUE						
Specialty						
Pharmaceuticals	350,816,541	310,984,906	—	—	350,816,541	310,984,906
CDMO	281,848,302	305,195,787	28,971,089	33,845,320	252,877,213	271,350,467
Generics	156,522,008	199,790,282	628,509	486,961	155,893,499	199,303,321
Total	789,186,851	815,970,975	29,599,598	34,332,281	759,587,253	781,638,694

Jubilant Pharma Limited
and its subsidiaries
Consolidated Financial Statements
For the financial years ended 31 March 2022 and 2021

	2022	2021
	USD	USD
RESULTS		
Specialty Pharmaceuticals [#]	46,716,037	33,976,479
CDMO	72,275,476	86,202,417
Generics	(14,772,190)	28,320,013
Segment total	<u>104,219,323</u>	<u>148,498,909</u>
Un-allocated corporate expenses (net of un-allocated income)	(17,336,829)	(17,497,144)
Finance income	3,312,731	3,379,312
Finance costs	(18,826,661)	(27,372,825)
Profit before tax	<u>71,368,564</u>	<u>107,008,252</u>
Income tax expense	(24,731,609)	(38,063,950)
Profit for the year	<u><u>46,636,955</u></u>	<u><u>68,944,302</u></u>

	Segment assets		Segment liabilities	
	2022	2021	2022	2021
	USD	USD	USD	USD
Specialty Pharmaceuticals [#]	319,356,357	296,402,224	66,870,891	65,078,776
CDMO	386,614,479	375,352,533	55,357,912	48,744,373
Generics	244,770,754	246,958,435	34,331,625	33,433,531
Segment total	<u>950,741,590</u>	<u>918,713,192</u>	<u>156,560,428</u>	<u>147,256,680</u>
Un-allocated corporate assets/liabilities	201,819,819	163,366,419	425,272,494	398,583,893
Total	<u><u>1,152,561,409</u></u>	<u><u>1,082,079,611</u></u>	<u><u>581,832,922</u></u>	<u><u>545,840,573</u></u>

	Capital expenditure		Depreciation, amortisation and impairment *	
	2022	2021	2022	2021
	USD	USD	USD	USD
Specialty Pharmaceuticals	25,555,870	23,563,015	18,328,644	17,042,137
CDMO	17,070,898	9,773,296	15,411,047	14,744,787
Generics	18,259,003	18,246,890	14,417,387	15,571,876
Segment total	<u>60,885,771</u>	<u>51,583,201</u>	<u>48,157,078</u>	<u>47,358,800</u>
Un-allocated	635,143	8,653,361	1,129,108	596,643
Total	<u><u>61,520,914</u></u>	<u><u>60,236,562</u></u>	<u><u>49,286,186</u></u>	<u><u>47,955,443</u></u>

[#] Refer note 5(a).

* Includes USD 2,046,876 and USD 3,487,992 impairment charged in the Generics segment during the years ended 31 March 2022 and 31 March 2021, 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:

	2022 USD	2021 USD
North America	622,343,576	622,322,356
Europe	36,371,765	57,744,009
Asia	78,724,919	71,702,985
Rest of the world	22,146,993	29,869,344
Total	<u>759,587,253</u>	<u>781,638,694</u>

(ii) Segment non-current assets*:

	2022 USD	2021 USD
North America	493,847,290	465,067,275
Europe	10,204,332	10,769,272
Asia**	140,281,412	152,363,550
Total	<u>644,333,034</u>	<u>628,200,097</u>

* Non-current assets exclude financial instruments (other than equity accounted investee) and deferred tax assets.

** Asia includes USD 494,192 and USD 109,768 as at 31 March 2022 and 31 March 2021, respectively, based in Singapore (country of domicile).

(d) Major customer

For the years ended 31 March 2022 and 31 March 2021, there is no single customer that contributed 10% or more of the consolidated revenue of the Group.

30 Related parties

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

Transactions with related parties

	2022 USD	2021 USD
Purchase of goods and services from:		
- Holding company	8,729,664	1,222,968
- Fellow subsidiaries	2,394,940	2,309,758
- Associate	508,590	—
- Other related parties	33,430	—
Sale of goods and services to:		
- Fellow subsidiaries	—	22,459
- Associate	292,021	—
Reimbursement of expenses:		
- Holding company	282,641	8,306,426
- Fellow subsidiaries	255	30,390
- Other related parties	2,404,192	242,797
Recovery of expenses:		
- Holding company	—	70,162
- Fellow subsidiaries	464,257	496,720
- Other related parties	378,250	144,434
Loans given:		
- Fellow subsidiaries	21,600,000	4,000,000
Loans received back:		
- Fellow subsidiaries	7,600,000	—
Interest income on loans given:		
- Holding company	2,650,081	2,516,057
- Fellow subsidiaries	487,277	74,315
Donation:		
- Other related parties	382,665	137,392
Sale of duty credit scrips:		
- Holding company	—	67,816
Group's contribution to provident fund trust:		
- Other related parties	650,536	937,629
Lease payments:		
- Holding company	794,422	795,496
- Other related parties	64,894	10,797

	2022	2021
	USD	USD
Purchase of assets:		
- Holding company	–	49,695
- Other related parties	153,066	–
Sale of assets:		
- Fellow subsidiaries	–	2,553
Dividend paid:		
- Holding company	12,982,816	–
Transactions with key management personnel:		
- Short term employee benefits	5,372,471	4,617,122
- Defined contribution plan	58,259	26,285
- Sitting fee	62,500	64,000
- Director fee	250,000	250,000
	<u>5,743,230</u>	<u>4,957,407</u>

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

Due from related parties

Loans (including interest) receivable

	2022	2021
	USD	USD
- Holding company	43,101,476	44,645,642
- Fellow subsidiaries	18,000,000	4,074,315
	<u>61,101,476</u>	<u>48,719,957</u>

Trade receivables

	2022	2021
	USD	USD
- Fellow subsidiaries	133,490	–
- Associate	59,127	–
- Other related parties	237,592	280,386
	<u>430,209</u>	<u>280,386</u>

Advances recoverable

	2022	2021
	USD	USD
- Holding company	139,080	140,156
- Fellow subsidiaries	431,669	224,474
- Other related parties	479,790	211,590
	<u>1,050,539</u>	<u>576,220</u>

Due to related parties

Trade and other payables

	2022	2021
	USD	USD
- Holding company	1,386,568	3,157,177
- Fellow subsidiaries	350,742	489,636
- Associate	140,952	–
- Other related parties	565,048	630,264
- Key management personnel	1,062,288	1,067,783
	<u>3,505,598</u>	<u>5,344,860</u>

31 Contingent liabilities to the extent not provided for

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

	2022	2021
	USD	USD
Central Excise	103,310	107,643
Customs	58,638	362,849
Service Tax	10,386	10,768
Sales Tax	41,503	–
Goods and Services Tax	147,520	229,093
Others	2,022,743	1,943,383
	<u>2,384,100</u>	<u>2,653,736</u>

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 2,315,097 and USD 2,443,436 as at 31 March 2022 and 31 March 2021, respectively). JPNV has also filed a counter claim against this customer for damages amounting to €2,379,678 (USD 2,644,298 and USD 2,790,886 as at 31 March 2022 and 31 March 2021, respectively) in the same dispute. Partial Award No. 2 dated 5 September 2017 was passed by the Arbitrator wherein claims of the customer were allowed for €668,684 (USD 743,042 and USD 784,233 as at 31 March 2022 and 31 March 2021, respectively) but the customer was restrained from using, either directly or indirectly, the Dossiers and also directed to return the Dossiers to JPNV. Partial Award No. 3 dated 14 February 2018 was passed by the Arbitrator holding the customer liable to pay daily penalties of €5,000 (USD 5,556 and USD 5,864 as at 31 March 2022 and 31 March 2021, respectively) for any use, either directly or indirectly, of the Dossiers and €1,000 (USD 1,111 and USD 1,173 as at 31 March 2022 and 31 March 2021, respectively) for non-return of Dossiers to JPNV before 16 March 2018. On 5 March 2018, the customer challenged the Partial Awards No. 2 and 3 before the Court of Brussels, which has vide interim order dated 24 August 2018 rejected the customer’s request for suspension of the Partial Award. A Final Award was passed on 20 September 2019 by the Arbitrator where under JPNV was directed to pay €668,684 (USD 743,042 and USD 784,233 as at 31 March 2022 and 31 March 2021, respectively) along with interest (as held in Partial Award No. 2). JPNV has challenged the Final Award, and has also filed for the enforcement of the Partial Award No. 3 which was challenged in 2020 by the Customer before the Antwerp Court of Attachments, which Court vide order 21 October 2021 held that it has no territorial jurisdiction and refused the customer’s request for annulment of Partial Award No. 3, against which the customer has filed an appeal on 17 February 2022 before the Antwerp Court of Appeal. The customer has also challenged the decision of the arbitrator dated 20 September 2019 for not reopening the proceedings and refusing to abolish the daily penalties “astreintes”. Meanwhile, JPNV initiated a service of summons on the customer with respect to the daily penalties by Court Bailiff on 7 January 2022, and this service of summons has been challenged by the customer in the Antwerp Court. These proceedings are pending.
- (ii) In July 2021, the U.S. Food and Drug Administration (“USFDA”) placed the Group’s Roorkee facility under import alert, which restricts supplies to the USA from the Roorkee facility. However, currently the USFDA has exempted a product from the import alert subject to certain conditions. The Group continues to engage with the USFDA and take all necessary steps, including comprehensive assessment and engaging independent consultants, to ensure further controls to resolve the import alert at the earliest and ensure Current Good Manufacturing Practices (cGMP) compliance for the Roorkee facility. No other regulatory agency so far suggested or recommended similar action for any other market and/or product. Manufacturing and supply of pharmaceutical products is continuing from Roorkee facility to all markets including non-restricted products to the USA.
- (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.

32 Commitments as at year end

(a) Capital commitments

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

	2022	2021
	USD	USD
Property, plant and equipment	43,650,736	31,882,781
Intangible assets	13,099,391	14,700,369
	<u>56,750,127</u>	<u>46,583,150</u>

(b) Other commitments:

An export obligation is undertaken by the Group under the Export Promotion Capital Goods (EPCG) scheme which is to be completed over a period of six years for the imports of capital goods with no import duty and the remaining outstanding obligation is USD 5,086,773 and USD 1,073,332 as at 31 March 2022 and 31 March 2021, respectively. Similarly, an export obligation under Advance License Scheme for duty free imports of specific raw materials, imposes a remaining outstanding obligation of USD 1,583,517 and USD 4,265,607 as at 31 March 2022 and 31 March 2021, respectively.

33 Leases

The details of the right-of-use assets held by the Group is as follows:

	Depreciation charge		Net carrying amount	
	2022	2021	2022	2021
	USD	USD	USD	USD
Buildings	6,158,498	6,052,468	28,205,355	27,777,075
Plant and equipment	37,875	68,202	–	37,875
Office equipment	206,261	110,366	614,084	689,043
Vehicles	1,821,384	2,107,016	3,115,597	2,881,015
	<u>8,224,018</u>	<u>8,338,052</u>	<u>31,935,036</u>	<u>31,385,008</u>

Additions to the right-of-use assets during the years ended 31 March 2022 and 31 March 2021 were USD 9,057,252 and USD 17,738,721, respectively.

Amount recognised in profit or loss:

	2022	2021
	USD	USD
Interest on lease liabilities	1,242,010	1,221,423
Rental expense relating to short-term leases	282,757	591,257

Amount recognised in consolidated statement of cash flows:

	2022	2021
	USD	USD
Total cash outflow for leases	<u>8,415,180</u>	<u>8,577,224</u>

34 Research and development expenditure

The aggregate amount of research and development expenditure (excluding depreciation, amortisation and impairment) recognised as an expense is USD 13,892,823 and USD 13,621,760 during the years ended 31 March 2022 and 31 March 2021, respectively.

35 Change in functional currency of subsidiary company

Jubilant DraxImage Inc., Canada (“JDI”), a subsidiary company, changed its functional currency from CAD to USD with effect from 1 June 2021. The change was made to reflect that USD has become the predominant currency in JDI, counting for a significant part of JDI’s cash flow, cash flow management and investing, along with purchase of radiopharmacies business from Jubilant Draximage Radiopharmacies Inc, USA (“JDRI”), a fellow subsidiary company of JDI. The change has been implemented prospectively from the date of change.

36 Subsequent events

- (i) The Company has given conditional notice to holders of Senior Notes due 2024 on 14 July 2022 for exercising its option to redeem USD 200,000,000 in aggregate principal amount of the Senior Notes on 18 August 2022 together with accrued interest and 3% redemption premium. The Senior Notes will be cancelled upon redemption by the Company.
- (ii) Refer note 24 for Scheme of Arrangement related subsequent event.