Jubilant Pharma Limited
and its subsidiaries
Registration Number: 200506887H

Consolidated Financial Statements
For the financial years ended
31 March 2018 and 2017

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A) and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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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 ("the Company") and its subsidiaries and partnerships ("the Group"), which comprise the consolidated statement of financial position as at 31 March 2018, 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 to the consolidated financial statements, including significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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) together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the 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 judgement, 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.

Accounting for business combination

See Note 2.6 and 24 to the consolidated financial statements.

The key audit matter

As explained in note 24 to the consolidated financial statements, the Group, through Jubilant Draximage Radiopharmacies Inc. (a wholly owned step-down subsidiary), acquired a Radiopharmacy Business from Triad Isotopes, Inc.. In accounting for a business combination, there is judgement and inherent uncertainty in the estimation used in allocating the overall purchase price to the different assets and liabilities that make up the acquisition. Accordingly, we have identified this as a key audit matter.

KPMG, an Indian partnership firm, and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

How the matter was addressed in our audit

Our audit procedures in this area included, among others:

- review of asset purchase agreements to determine whether the appropriate intangible assets have been identified and that no unusual terms exist that have not been accounted for;

- identification and fair valuation of the assets and liabilities the Group acquired including fair value adjustments. In doing so, we involved valuation specialists for review of valuation assumptions such as discount, tax and royalty rates used in such calculations; and

- review of acquisition accounting and respective disclosures made in the consolidated financial statements.

The judgement applied by the Group in determining whether significant acquisitions are business combinations or acquisitions of assets was balanced. Estimates used in allocating the purchase price to assets and liabilities acquired in significant business combinations are reasonable. We also found the disclosures of significant business combination to be appropriate

Impairment of goodwill and other intangible assets

See Note 2.7(ii) and 2.9 to the consolidated financial statements.

The key audit matter

As at 31 March 2018, the Group's goodwill balance of USD 168.6 million represents 18% of the Group's total assets which has been allocated to different cash generating units (CGUs). Further, the Group is carrying product related capitalized intangibles and intangibles under development aggregating to USD 49.7 million and USD 62.2 million, respectively representing 12% of the Group's total assets.

In addition to significance of the amount, management's assessment process is complex as it involves significant judgement in determining the assumptions to be used to estimate the recoverable amount. The recoverable amount of the CGUs and product related intangibles, which is based on the higher of the value in use or fair value less costs to sell, has been derived from discounted forecast cash flow models. These models use several key assumptions, including estimates of future sales volumes, and prices, operating costs, terminal value growth rates and the weighted-average cost of capital (discount rate).

How the matter was addressed in our audit

Our audit procedures in this area included, among others:

- involving valuation specialists to assist in evaluating the assumptions and methodologies used by the Group, in particular the appropriateness of the discount rates applied, which included comparing the weighted average cost of capital;

- evaluating the appropriateness of the assumptions applied to key inputs such as revenue projections, operating costs, inflation and long-term growth rates, which included assessments based on our knowledge of the Group and the industry;

- performing sensitivity analysis, which included assessing the effect of reasonably possible variations in certain key inputs on the currently estimated headroom for various CGUs; and

- evaluating the adequacy of financial statements disclosures, including disclosures of key assumptions, judgements and sensitivities.

Based on the work performed, we noted no exceptions and consider management's key assumptions to be within reasonable range.

Measurement of finance cost for stock settled debt instrument

See Note 2.10 and 12(a) to the consolidated financial statements.

The key audit matter

As explained in note 12(a) to the consolidated financial statements, the Group has an outstanding term loan (Loan C) from International Finance Corporation (IFC) amounting to USD 58.2 million as at 31 March 2018, with a differential return to IFC under various scenarios as stipulated in the loan agreement. As there are various scenarios of conversion or repayment, the management has to assign assumptions and exercise significant judgement. Due to unique structure and terms of the loan with differential returns under different scenario, there is significant uncertainty involved in measurement of finance cost for this stock settled debt instrument. Accordingly, we have identified this as a key audit matter.

How the matter was addressed in our audit

Our audit procedures in this area included, among others:

- reviewing the contractual terms and assessing the appropriateness of the accounting treatment of the debt instrument;
- engaging subject matter experts to evaluate the appropriateness of the fair value assigned to the stock settled debt instrument and evaluating the reasonableness of the assumptions and judgements assigned to each scenario in context of available information; and
- assessing the appropriateness of disclosures in the consolidated financial statements, including fair value hierarchy information with reference to the requirements of the IFRS.

Based on the work performed, we found the valuation of the Stock settled debt instrument to be reasonable.

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

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view 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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, related safeguards.

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

The engagement partner on the audit resulting in this independent auditors' report is Abhishek Gupta.

KPMG

KPMG
Gurugram, India
23 July 2018

Consolidated Statement of Financial Position
As at 31 March 2018 and 2017

	Note	2018 USD	2017 USD
Non-current assets			
Property, plant and equipment	4	278,365,913	262,522,265
Goodwill	5	168,634,149	153,002,409
Other intangible assets	5	117,320,360	125,605,865
Investments	6	–	–
Other financial assets	7	50,843,675	50,742,009
Income tax assets		1,422,997	94,888
Deferred tax assets (net)	14	25,759,953	24,397,589
Other non-current assets	8	4,763,262	2,754,127
Total non-current assets		**647,110,309**	**619,119,152**
Current assets			
Inventories	9	112,185,889	108,242,489
Trade receivables	10	105,941,967	95,450,918
Other financial assets	7	8,679,471	1,217,890
Income tax assets		910,651	1,390,674
Other current assets	8	23,213,426	14,089,619
Cash and cash equivalents	11	27,086,489	48,409,120
Total current assets		**278,017,893**	**268,800,710**
Total assets		**925,128,202**	**887,919,862**
Equity			
Equity share capital		326,758,994	326,758,994
Merger reserve		(68,787,724)	(68,787,724)
Retained earnings		160,303,396	111,186,516
Foreign currency translation reserve		(22,222,177)	(29,087,576)
Other components of equity		(11,885,843)	(11,839,299)
Total equity attributable to owners of the Company		**384,166,646**	**328,230,911**

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

Consolidated Statement of Financial Position (cont'd)
As at 31 March 2018 and 2017

	Note	2018 USD	2017 USD
Non-current liabilities			
Loans and borrowings	12	394,002,286	406,190,977
Employee benefits		3,808,701	3,208,722
Deferred tax liabilities (net)	14	16,693,790	18,869,081
Provisions	15	2,168,810	–
Other non-current liabilities	16	1,190,536	1,494,823
Total non-current liabilities		**417,864,123**	**429,763,603**
Current liabilities			
Loans and borrowings	12	14,489,963	38,894,116
Employee benefits		16,956,491	12,000,470
Trade payables	17	62,176,755	50,187,151
Other financial liabilities	13	11,488,868	11,532,822
Income tax liabilities		9,395,279	9,188,829
Other current liabilities	16	8,590,077	8,121,960
Total current liabilities		**123,097,433**	**129,925,348**
Total liabilities		**540,961,556**	**559,688,951**
Total equity and liabilities		**925,128,202**	**887,919,862**

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the financial years ended 31 March 2018 and 2017

	Note	2018 USD	2017 USD
Revenue from operations	18	619,165,588	460,572,133
Other income		1,669,140	606,017
Total income		**620,834,728**	**461,178,150**
Cost of materials consumed		(159,871,629)	(104,617,080)
Purchases of stock-in-trade		(11,150,558)	(8,339,185)
Changes in inventories of finished goods, stock-in-trade and work-in-progress		2,232,083	10,420,330
Employee benefits expense	19	(179,923,931)	(131,587,144)
Depreciation, amortisation and impairment		(55,719,525)	(31,089,124)
Other expenses	22	(120,667,891)	(88,142,895)
Result from operating activities		**95,733,277**	**107,823,052**
Finance income	20	4,606,794	2,125,274
Finance costs	21	(27,488,525)	(36,740,418)
Net finance costs		**(22,881,731)**	**(34,615,144)**
Profit before tax		**72,851,546**	**73,207,908**
Income tax expense	23	(23,734,666)	(22,947,946)
Profit for the year		**49,116,880**	**50,259,962**
Other comprehensive income/(loss)			
Items that will be reclassified to profit or loss			
Exchange differences on translation of foreign operations		6,865,399	2,707,767
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit obligations	25	(72,781)	(240,145)
Income tax relating to items that will not be reclassified to profit or loss		26,237	83,110
Other comprehensive income for the year, net of tax		**6,818,855**	**2,550,732**
Total comprehensive income for the year		**55,935,735**	**52,810,694**

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

Consolidated Statement of Changes in Equity
For the financial years ended 31 March 2018 and 2017

	‹---- Attributable to owners of the Company ----›							
	Equity share capital ** USD	**Merger reserve # USD**	**Other capital reserve ## USD**	**Fair value reserves @ USD**	**Remeasurement of defined benefit obligations @@ USD**	**Foreign currency translation reserve $ USD**	**Retained earnings USD**	**Total attributable to owners of the Company USD**
At 1 April 2016	326,758,994	(68,787,724)	(4,428,352)	4,847,114	(240,703)	(31,795,343)	56,079,440	282,433,426
Total comprehensive income for the year								
Profit for the year	–	–	–	–	–	–	50,259,962	50,259,962
Other comprehensive income for the year	–	–	–	–	(157,035)	2,707,767	–	2,550,732
Total comprehensive income for the year	–	–	–	–	(157,035)	2,707,767	50,259,962	52,810,694
Transactions with equity holders in their capacity as equity holders:								
Stock-based compensation expense for stock options granted by Jubilant India	–	–	7,405	–	–	–	–	7,405
Distribution to shareholders	–	–	(7,020,614)	(4,847,114)	–	–	4,847,114	(7,020,614)
Total comprehensive income for the year	–	–	(7,013,209)	(4,847,114)	(157,035)	2,707,767	55,107,076	45,797,485
At 31 March 2017	326,758,994	(68,787,724)	(11,441,561)	–	(397,738)	(29,087,576)	111,186,516	328,230,911

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

Consolidated Statement of Changes in Equity (cont'd)
For the financial years ended 31 March 2018 and 2017

	‹------ Attributable to owners of the Company ------›						
	Equity share capital ** USD	**Merger reserve # USD**	**Other capital reserve ## USD**	**Remeasurement of defined benefit obligations @@ USD**	**Foreign currency translation reserve $ USD**	**Retained earnings USD**	**Total attributable to owners of the Company USD**
At 1 April 2017	326,758,994	(68,787,724)	(11,441,561)	(397,738)	(29,087,576)	111,186,516	328,230,911
Total comprehensive income for the year							
Profit for the year	–	–	–	–	–	49,116,880	49,116,880
Other comprehensive income for the year	–	–	–	(46,544)	6,865,399	–	6,818,855
Total comprehensive income for the year	–	–	–	(46,544)	6,865,399	49,116,880	55,935,735
At 31 March 2018	326,758,994	(68,787,724)	(11,441,561)	(444,282)	(22,222,177)	160,303,396	384,166,646

** No. of shares as at 31 March 2018 and 31 March 2017 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). Also refer note 6.

@ Represent changes in fair value of investments designated as fair value through other comprehensive income.

@@ Remeasurement of defined benefit obligations comprises actuarial gains and losses and return on plan assets.

$ Exchange differences arising on translation of foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within the equity. The 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 accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows
For the financial years ended 31 March 2018 and 2017

	2018 USD	2017 USD
Cash flows from operating activities		
Profit before tax	72,851,546	73,207,908
Adjustments for:		
Depreciation, amortisation and impairment	55,719,525	31,089,124
Unrealised foreign exchange (gain)/ loss, net	(106,997)	597,822
Finance income	(4,606,794)	(2,125,274)
Finance costs	27,488,525	36,740,418
Share-based payment expense	–	7,405
Loss on disposal of property, plant and equipment (net)	121,623	99,608
Others, net	(2,114)	(21,874)
Operating cash flow before working capital changes	151,465,314	139,595,137
Decrease/(increase) in trade accounts receivable	6,792,570	(1,818,249)
(Increase)/decrease in other assets including other financial assets	(13,612,046)	7,312,538
Decrease/(increase) in inventories	1,302,714	(6,956,488)
(Decrease)/increase in trade payables	(8,817,419)	2,104,840
Increase in other liabilities including other financial liabilities	6,528,976	7,383,918
Cash generated from operations	143,660,109	147,621,696
Income taxes paid (net of refund)	(27,897,250)	(19,062,595)
Net cash generated from operating activities	115,762,859	128,559,101
Cash flows from investing activities*		
Acquisition of property, plant and equipment and other intangible assets	(52,062,379)	(44,634,185)
Proceeds from disposal of property, plant and equipment	561,936	37,673
Sale of investments in equity securities	–	2,765,009
Acquisition of business (refer note 24)	(20,143,369)	–
Consideration for transfer of subsidiary to a common control entity (refer note 3)	–	200,000
Loan given to related parties	–	(48,434,906)
Dividend received	2,114	21,874
Interest received	4,612,282	1,812,661
Others	13,256	(20,655)
Net cash used in investing activities	(67,016,160)	(88,252,529)

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

Consolidated Statement of Cash Flows (cont'd)
For the financial years ended 31 March 2018 and 2017

	2018 USD	2017 USD
Cash flows from financing activities		
Proceeds from long-term loans and borrowings	–	205,645,648
Repayments of long term loans and borrowings ^	(51,421,174)	(157,638,951)
Repayments of short term loans repayable on demand, net	(779,046)	(32,961,312)
Repayments of short term loans to related parties, net	(715,569)	–
Finance costs paid	(16,986,173)	(33,016,044)
Net cash used in financing activities	(69,901,962)	(17,970,659)
Net (decrease)/increase in cash and cash equivalents	(21,155,263)	22,335,913
Effect of exchange rate changes	(167,368)	(1,401,302)
Cash and cash equivalents at the beginning of the year	48,409,120	27,474,509
Cash and cash equivalents at the end of the year (refer note 11)	27,086,489	48,409,120

* Refer note 6
^ Revolver credit facility of Jubilant HollisterStier LLC is presented on net basis

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 23 July 2018.

1 Corporate information

Jubilant Pharma Limited ("JPL, Singapore" or "the Company") is incorporated and domiciled in Singapore. The address of its registered office is 160 Robinson Road, #17-01 SBF Center, Singapore 068914. The address of its principal place of business is 6 Temasek Boulevard, #20-06 Suntec Tower Four, Singapore 038986.

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

Jubilant Pharma Limited through its subsidiaries in USA, Canada, Europe and India 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. Pursuant to an Asset Purchase Agreement ("APA") between Jubilant Draximage Radiopharmacies Inc. (a wholly owned subsidiary) and Triad Isotopes, Inc. during the year ended 31 March 2018 (refer note 24), it is the second largest radiopharmacy network in the US with more than 50 pharmacies under its fold.

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

S. No.	Name of the entity	Country of incorporation	Name of the parent company/ investor	Date of incorporation/ acquisition by the Group
Subsidiaries				
1	Jubilant HollisterStier LLC [%]	Unites States of America (USA)	HSL Holdings Inc.	31 May 2007
2	Jubilant DraxImage Inc. [%]	Canada	Jubilant Pharma Limited	28 May 2008
3	HSL Holdings Inc. [@]	USA	Jubilant Pharma Holdings Inc.	16 May 2007
4	Jubilant Clinsys Inc. [%]	USA	Jubilant Pharma Holdings Inc.	4 October 2005
5	Draximage Limited, Cyprus [@]	Cyprus	Jubilant Pharma Limited	12 September 2008
6	Draximage Limited, Ireland [%]	Ireland	Jubilant Pharma Limited (w.e.f 30 January 2017) Draximage Limited, Cyprus (upto 29 January 2017)	20 October 2008

S. No.	Name of the entity	Country of incorporation	Name of the parent company/ investor	Date of incorporation/ acquisition by the Group
7	Draximage LLC (merged into Jubilant DraxImage (USA) Inc. effective from 1 April 2017) %	USA	Jubilant Pharma Limited (w.e.f 30 January 2017) Draximage Limited, Cyprus (upto 29 January 2017)	28 May 2008
8	Jubilant DraxImage (USA) Inc. %	USA	Jubilant Pharma Limited (w.e.f 30 January 2017) Draximage Limited, Cyprus (upto 29 January 2017)	4 November 2008
9	Deprenyl Inc., USA (merged into Jubilant DraxImage (USA) Inc. effective from 1 April 2017) @	USA	Jubilant Pharma Limited (w.e.f 30 January 2017) Draximage Limited, Cyprus (upto 29 January 2017)	4 November 2008
10	6963196 Canada Inc. (merged with 6981364 Canada Inc. w.e.f. 1 April 2018) @	Canada	Jubilant DraxImage Inc.	28 May 2008
11	6981364 Canada Inc. @	Canada	Jubilant DraxImage Inc.	28 May 2008
12	DAHI Animal Health (UK) Limited (liquidated w.e.f. 19 December 2017) %	United Kingdom (UK)	Jubilant DraxImage Inc.	28 May 2008
13	Draximage (UK) Limited %	UK	Jubilant DraxImage Inc.	28 May 2008
14	Jubilant DraxImage Limited %	India	Draximage Limited, Cyprus	9 September 2009
15	Jubilant HollisterStier Inc. @	USA	HSL Holdings Inc.	1 October 2009
16	Draxis Pharma LLC @	USA	Jubilant HollisterStier Inc.	1 October 2009
17	Jubilant Life Sciences (Switzerland) AG, Schaffhausen* $	Switzerland	Jubilant Pharma Limited	26 January 2011
18	Jubilant Pharma Holdings Inc.@	USA	Jubilant Pharma Limited holds 82% Jubilant Generics Limited holds 18%	12 September 2005
19	Jubilant Cadista Pharmaceuticals Inc. %	USA	Cadista Holdings Inc.	1 July 2005
20	Cadista Holding Inc. @	USA	Jubilant Pharma Holdings Inc.	1 July 2005
21	Jubilant Generics Limited %	India	Jubilant Pharma Limited	25 November 2013

S. No.	Name of the entity	Country of incorporation	Name of the parent company/ investor	Date of incorporation/ acquisition by the Group
22	Jubilant Pharma Trading Inc. %	USA	Jubilant Pharma Holdings Inc.	24 April 2014
23	Jubilant Pharma NV @	Belgium	Jubilant Generics Limited holds 77.65% Jubilant Pharma Limited holds 22.35%	20 June 2014
24	Jubilant Pharmaceuticals NV %	Belgium	Jubilant Pharma N.V. , holds 99.81% Jubilant Pharma Limited holds 0.19%	20 June 2014
25	PSI Supply NV %	Belgium	Jubilant Pharma N.V., holds 99.50% Jubilant Pharma Limited holds 0.50%	20 June 2014
26	Jubilant Life Sciences (Shanghai) Limited*	China	Jubilant Pharma Limited	25 March 2004
27	Jubilant Pharma Australia Pty Limited $	Australia	Jubilant Pharma Limited	11 August 2016
28	Jubilant Draximage Radiopharmacies Inc. %	USA	Jubilant Pharma Holdings Inc.	8 March 2017
Partnerships				
29	Jubilant HollisterStier General Partnership %	Canada	Jubilant HollisterStier Inc. Draxis Pharma LLC	28 May 2008
30	Draximage General Partnership %	Canada	Jubilant DraxImage Inc. 6981364 Canada Inc.	28 May 2008

% represents entities engaged in pharmaceutical business
@ represents entities engaged in investment
$ represents non-operating entities

Effective 20 September 2016, JPL, Singapore had transferred its wholly owned subsidiaries marked as "*" above to a company formed in Singapore (Jubilant Life Sciences International Pte. Limited), a wholly owned subsidiary of Jubilant India. These transactions are considered as a common control transaction for accounting purposes.

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

2 Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated and except for adoption of the amendment in the IAS 7 effective from the current year. Consequently, the Group has provided additional disclosure in relation to the changes in liabilities arising from financing activities for the year ended 31 March 2018 (refer note 12(d)). The adoption of this amendment to the Standard does not have any significant impact on the financial position or performance of the Group.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) as issued by International Accounting Standard Board.

2.1 Basis of preparation

(i) The consolidated financial statements have been prepared in compliance with International Financial Reporting Standard (IFRS) as issued by International Accounting Standard Board, to reflect the consolidated financial position, consolidated financial performance and consolidated cash flows of Jubilant Pharma Limited and its subsidiaries (including partnerships) (collectively hereinafter referred to as "the Group").

(ii) Historical cost convention

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

2.2 Principles of consolidation

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

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

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

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

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

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

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

2.3 Consolidation procedure

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. IAS 12 "Income Taxes" applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

2.4 Current versus non-current classification

The Group presents assets and liabilities in the Consolidated Statement of Financial Position based on current/ non-current classification. An asset is treated as current when:

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

The Group classifies all other assets as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

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

2.5 Measurement of fair values

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

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

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

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

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

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

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

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

2.6 Business combination

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

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, 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 Statement of Profit or Loss and Other Comprehensive Income.

The excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in Consolidated Statement of Profit and loss and Other Comprehensive Income, provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase.

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

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

(i) Property, plant and equipment

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

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

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

(ii) Intangible assets

- *Goodwill*

  Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

  Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

- Intangible assets (including intangible assets under development) that are acquired and implementation of software system are measured initially at cost.

- Internally generated goodwill is not recognised as an asset. With regard to other internally generated intangible assets:

  - Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Consolidated Statement 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 Statement 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 Statement of Profit and Loss and Other Comprehensive Income. Freehold land is not depreciated.

The estimated useful lives of assets are as follows:

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

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

The estimated useful lives of intangibles are as follows:

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

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

(iv) Derecognition

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

2.8 Non-current assets held for sale

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets are generally measured at the lower of their carrying amount and fair value less cost to sell. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Once classified as held-for sale, property, plant and equipment and intangible assets are no longer depreciated or amortised.

2.9 Impairment of non-financial assets

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

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

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

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

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

2.10 Financial instrument

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

Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

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

Debt instruments at amortised cost

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

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

Debt instrument at FVOCI

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

(a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

(b) The asset's contractual cash flows represent SPPI.

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

Derecognition of financial liabilities

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

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

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

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 Statement 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 Statement of Profit or Loss and Other Comprehensive Income. Any gain or loss on derecognition is also recognised in Consolidated Statement 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 Statement of Profit or Loss and Other Comprehensive Income.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Consolidated Statement 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.

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

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

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

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

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

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

2.14 Revenue recognition

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

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

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

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

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

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

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

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

- The delivered item(s) has value to the customer on a standalone basis;

- There is objective and reliable evidence of the fair value of the undelivered item(s); and

- If the arrangement includes a general right of return relative to the delivered item(s), delivery or performance of the undelivered item(s) is considered probable and substantially in the control of the Group.

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

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

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

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

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

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

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 income.

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

2.15 Employee benefits

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

(ii) Post-employment benefits: Post employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

(a) Gratuity

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

(b) Provident fund

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

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

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

Past service cost is recognised as an expense in the Consolidated Statement of Profit 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 Statement of Profit or Loss and Other Comprehensive Income. Past service cost may be either positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).

2.16 Share-based payments

The grant date fair value of options granted (net of estimated forfeiture) to employees of the Group by Jubilant India is recognised as an employee expense, with a corresponding increase in other capital reserve, over the period that the employees become unconditionally entitled to granted options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The amount recognised as an expense is adjusted to reflect the actual number of stock options that vest. For the option awards, grant date fair value is determined under the option-pricing model (Black-Scholes-Merton). Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures materially differ from those estimates.

2.17 Finance costs

Finance costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Finance cost also includes exchange differences to the extent regarded as an adjustment to the finance costs. Finance costs that are directly attributable to the construction or production or development of a qualifying asset are 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 Statement 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.

2.18 Income tax

Income tax expense comprises current and deferred tax. It is recognised in Consolidated Statement 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, to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
  - taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

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

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

2.19 Leases

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

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

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

2.20 Segment reporting

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

2.21 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 Statement of Profit or Loss and Other Comprehensive Income.

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

(iii) Group companies

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

- Share capital and opening reserves and surplus are carried at historical cost.
- All assets and liabilities, both monetary and non-monetary, (excluding share capital, opening reserves and surplus) are translated using closing rates at reporting date.
- Profit and Loss items are translated at the respective quarterly average rates or the exchange rate that approximates the actual exchange rate on date of specific transaction.
- Contingent liabilities are translated at the closing rates at Reporting date.
- All resulting exchange differences are recognised in Other Comprehensive Income.

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

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

2.22 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to income are deferred and recognised in the Consolidated Statement 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 income.

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

2.23 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.

- Recognition and estimation of tax expense including deferred tax – Note 2.18
- Impairment of financial and non-financial assets
- Assessment of useful life of property, plant and equipment and intangible asset – Note 2.7(iii)
- Decommissioning provisions – Note 15
- Estimation of assets and obligations relating to employee benefit – Note 2.15
- Valuation of Inventories – Note 9
- Recognition of revenue and related accruals – Note 2.14
- Recognition and measurement of contingency: Key assumption about the likelihood and magnitude of an outflow of resources
- Fair value measurements

Recent accounting pronouncements

Standards issued but not adopted

The Group has not early adopted the following new or amended standards in preparing these consolidated financial statements.

IFRS 15*, Revenue from Contracts with Customers*

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition standard IAS 18 Revenue and IAS 11 Construction Contracts when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group has completed its evaluation of the possible impact of IFRS 15 and does not expect the impact of the adoption of the new standard to be material.

IFRS 16*, Leases*

IFRS 16 replaces existing leases guidance, including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Group has not yet completed its assessment of the potential impact on its consolidated financial statements. The actual impact of applying IFRS 16 on the consolidated financial statements in the period of initial application will depend on future economic conditions,

including the Group's borrowing rate at 1 April 2019, the composition of the Group's lease portfolio at that date, the Group's latest assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use practical expedients and recognition exemptions.

So far, the most significant impact identified is that the Group will recognise new assets and liabilities for its operating leases of warehouse and factory facilities. As at 31 March 2018, the Group's future minimum lease payments under non-cancellable operating leases amounted to 11,735,027, on an undiscounted basis (refer note 33(ii)).

In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

The Group does not expect the adoption of IFRS 16 to impact its ability to comply with the loan covenants.

i. Determining whether an arrangement contains a lease

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

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

ii. Transition

   As a lessee, the Group can either apply the standard using a:
   - retrospective approach; or
   - modified retrospective approach with optional practical expedients.

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

   The Group plans to apply IFRS 16 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information.

   When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Group is assessing the potential impact of using these practical expedients.

IFRIC 22*, Foreign Currency Transactions and Advance Consideration*

In December 2016, the IASB issued IFRIC Interpretation 22, "*Foreign Currency Transactions and Advance Consideration*," which addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency. IFRIC Interpretation 22 is effective for annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted. The Group is currently in the process of evaluating the impact of this change on its consolidated financial statements.

IFRIC 23*, Uncertainty over Income Tax treatments*

On 7 June 2017, the IFRS Interpretations Committee issued IFRIC 23, which clarifies how the recognition and measurement requirements of IAS 12 "Income taxes", are applied where there is uncertainty over income tax treatments IFRIC 23 explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the applicable tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under applicable tax law.

The interpretation provides specific guidance in several areas where previously IAS 12 was silent. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Group is currently in the process of evaluating the impact of this change on its consolidated financial statements.

3 Accounting for common control transactions

During the year ended 31 March 2017, the following transactions took place between related entities:

Date	Transferor	Transferee	Company transferred	Consideration
23 September 2016	Jubilant Pharma Limited	Jubilant Life Sciences International Pte. Limited, Singapore	Jubilant Life Sciences (Switzerland) AG, Schaffhausen	-
			Jubilant Life Sciences (Shanghai) Limited	200,000

Jubilant Life Sciences International Pte. Limited, Singapore (JLSIPL) came under common control in years earlier than year ended 1 April 2016 and therefore, these transfers being transaction between common control entities, Jubilant Life Sciences (Switzerland) AG, Schaffhausen and Jubilant Life Sciences (Shanghai) Limited have been deconsolidated retrospectively from the date the entities came under common control. The excess of consideration over carrying amount of these investments amounting to USD 106,927 is reflected as an adjustment to Merger Reserve prior to 1 April 2016.

4 Property, plant and equipment

	Land-freehold USD	Buildings-factory USD	Buildings-others USD	Furniture and fixtures USD	Plant and equipment USD	Office equipment USD	Vehicles-owned USD	Vehicles-leased USD	Capital work-in-progress USD	Total USD
Gross carrying amount as at 1 April 2016	7,002,296	107,584,757	1,925,058	7,827,723	247,094,307	10,601,247	106,941	238,007	18,446,521	400,826,857
Additions	–	2,063,159	20,774	390,267	15,748,874	981,825	–	107,369	23,675,575	42,987,843
Deductions	–	–	–	(24,729)	(5,706)	(90,197)	–	(34,477)	(19,058,961)	(19,214,070)
Foreign currency translation adjustment	(29,387)	(81,742)	48,237	51,116	792,273	(39,970)	2,596	8,043	(67,112)	684,054
Gross carrying amount as at 31 March 2017	6,972,909	109,566,174	1,994,069	8,244,377	263,629,748	11,452,905	109,537	318,942	22,996,023	425,284,684
Accumulated depreciation as at 1 April 2016	–	25,970,101	356,200	4,621,124	103,084,473	7,965,134	88,604	124,130	–	142,209,766
Depreciation charge for the year	–	3,772,530	64,490	512,039	15,299,470	833,958	5,511	49,565	–	20,537,563
Deductions	–	–	–	(15,371)	(29)	(19,779)	–	(19,773)	–	(54,952)
Foreign currency translation adjustment	–	(104,036)	15,043	46,905	150,285	(44,567)	2,390	4,022	–	70,042
Accumulated depreciation as at 31 March 2017	–	29,638,595	435,733	5,164,697	118,534,199	8,734,746	96,505	157,944	–	162,762,419
Net carrying amount as at 31 March 2017	6,972,909	79,927,579	1,558,336	3,079,680	145,095,549	2,718,159	13,032	160,998	22,996,023	262,522,265

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

Note: Property, plant and equipment includes finance cost capitalised:

	2018 USD	2017 USD
Finance costs capitalised	146,550	581,518

5 Intangible assets

	Other intangible assets					
	Product registration/ market authorisation USD	**Acquired patent, trademarks / trade names and customer contracts USD**	**Softwares USD**	**Intangible assets under development USD**	**Total other intangible assets USD**	**Goodwill USD**
Gross carrying amount as at 1 April 2016	86,800,109	18,160,622	16,286,201	87,052,472	208,299,404	155,979,959
Additions	26,001,229	–	3,398,106	26,876,734	56,276,069	–
Deductions [2]	–	–	–	(29,952,790)	(29,952,790)	–
Currency translation adjustments	(1,162,701)	(305,378)	(93,191)	21,652	(1,539,618)	(2,977,550)
Gross carrying amount as at 31 March 2017	111,638,637	17,855,244	19,591,116	83,998,068	233,083,065	153,002,409
Accumulated amortisation as at 1 April 2016	68,346,479	18,123,149	12,525,854	–	98,995,482	–
Amortisation for the year	8,270,030	39,002	1,689,074	–	9,998,106	–
Currency translation adjustments	(1,013,610)	(306,907)	(195,871)	–	(1,516,388)	–
Accumulated amortisation as at 31 March 2017	75,602,899	17,855,244	14,019,057	–	107,477,200	–
Net carrying amount as at 31 March 2017	36,035,738	–	5,572,059	83,998,068	125,605,865	153,002,409
Gross carrying amount as at 1 April 2017	111,638,637	17,855,244	19,591,116	83,998,068	233,083,065	153,002,409
Additions on business combination (refer note 24)	–	1,310,000	237,602	66,737	1,614,339	11,373,834
Additions	23,458,559	–	1,608,217	20,763,120	45,829,896	–
Deductions [2]	–	(2,440,000)	(1,703,502)	(44,147,624)	(48,291,126)	–
Currency translation adjustments	1,915,870	471,638	209,075	1,556,351	4,152,934	4,257,906
Gross carrying amount as at 31 March 2018	137,013,066	17,196,882	19,942,508	62,236,652	236,389,108	168,634,149
Accumulated amortisation as at 1 April 2017	75,602,899	17,855,244	14,019,057	–	107,477,200	–
Amortisation for the year	11,261,896	167,473	2,054,395	–	13,483,764	–
Deductions	–	(2,440,000)	(1,703,502)	–	(4,143,502)	–
Currency translation adjustments	1,561,711	475,121	214,454	–	2,251,286	–
Accumulated amortisation as at 31 March 2017	88,426,506	16,057,838	14,584,404	–	119,068,748	–
Net carrying amount as at 31 March 2018	48,586,560	1,139,044	5,358,104	62,236,652	117,320,360	168,634,149

Note: Total other intangible assets include finance cost capitalised:

	2018 USD	**2017 USD**
Finance costs capitalised	1,333,340	5,603,316

(1) Impairment testing of goodwill

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

The Group has identified Allergy, Contract Manufacturing Operation, Radio Pharmaceutical and Generics business as separate CGU and allocated goodwill.

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 and an analysis of the sensitivity towards change in key assumptions did not identify any probable scenarios where the CGU recoverable amount would fall below their carry amount.

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

(a) The anticipated annual revenue growth and margin included in the cash flow projections are based on past experience, actual operating results and the 5-year business plan in all periods presented.

(b) The terminal growth rate ranges from 2% to 5% for all periods presented representing management view on the future long-term growth rate.

(c) A post-tax discount rate ranging from 7% to 11% for all periods presented was applied in determining the recoverable amount of the CGUs. The discount rate was estimated based on past experience and Company's weighted average cost of capital.

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

(2) Impairment testing of intangible assets

The carrying value of internally generated product registration/market authorisation and other intangibles (including intangible assets under development) has been reviewed and based on prevailing market conditions, technical and financial assessment, USD 10,066,419 and USD 231,299 have been charged off in APIs and Generics segment and USD 9,014,429 and USD 322,156 have been charged off in Specialty Pharmaceuticals segment during the years ended 31 March 2018 and 31 March 2017, respectively and included under deductions to gross carrying amount of intangible assets under development and under depreciation, amortisation and impairment in the Consolidated Statement of Profit or Loss. The estimate of value in use was determined using a discount rate of 10% to 13% for all periods presented.

6 Non-current investments

	2018 USD	2017 USD
Investment in debt instruments (at fair value through profit or loss)		
Convertible note and warrants		
Muroplex Therapeutics, Inc.*	–	–
	–	–

Investment in 510,771 fully paid up unquoted equity shares of Safe Food Corporation, USA amounting to 7,020,614 was transferred to a fellow subsidiary without consideration during the year ended 31 March 2017. This being a transaction with entity under common control, the carrying amount of investment (net of fair value reserve on that day) is derecognised with the corresponding adjustment in other capital reserve. Also, refer note 26(d).

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

7 Other financial assets

	2018 USD	2017 USD
Non-current		
Loan to related parties (refer note 30)	49,869,572	50,115,652
Deposits with maturity after 12 months from the reporting date *	2,447	2,459
Others	971,656	623,898
Total non-current other financial assets	50,843,675	50,742,009
Current		
Advances recoverable from related parties (refer note 30)	821,280	610,385
Deposits with maturity up to 12 months from the reporting date *	78,945	92,529
Unbilled revenue	7,115,404	–
Others	663,842	514,976
Total current other financial assets	8,679,471	1,217,890
Total other financial assets	59,523,146	51,959,899

* These deposits have restricted use.

Loan to related parties is unsecured, interest bearing at 8.5% p.a. and is repayable on 13 October 2021.

8 Other assets

	2018 USD	2017 USD
Non-current		
Capital advances	4,763,262	2,754,127
Total other non-current assets	4,763,262	2,754,127
Current		
Prepaid expenses	7,281,252	3,821,002
Advance for supply of goods and services	1,418,251	1,324,125
Recoverable from government authorities	12,015,799	6,159,604
Government grants recoverable	1,863,667	2,308,691
Others	634,457	476,197
Total other current assets	23,213,426	14,089,619
Total other assets	27,976,688	16,843,746

9 Inventories

	2018 USD	2017 USD
Raw materials	23,075,415	20,944,065
Work-in-progress	33,084,919	34,490,854
Finished goods	27,344,421	26,559,543
Stock-in-trade	2,026,475	1,961,991
Stores and spares	12,017,897	10,428,133
Packing material	14,611,553	13,846,904
Others- process chemicals and fuels	25,209	10,999
Total inventories	112,185,889	108,242,489

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

	2018 USD	2017 USD
Inventories written down	5,980,498	2,047,127

10 Trade receivables

	2018 USD	2017 USD
Current		
Trade receivables	107,311,463	97,380,134
Receivables from related parties (refer note 30)	326,986	273,768
Less: Loss allowance	(1,696,482)	(2,202,984)
Total receivables	105,941,967	95,450,918

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

11 Cash and cash equivalents

	2018 USD	2017 USD
Balances with banks		
- in current accounts	25,511,998	47,576,889
Cash on hand	13,438	13,387
Others		
- Funds in transit	1,561,053	818,844
Total cash and cash equivalents	27,086,489	48,409,120

12 Loans and borrowings

a) Non-current loans and borrowings

	2018 USD	2017 USD
Term loans at amortised cost	–	24,661,509
Stock settled debt instrument at FVPL	96,900,000	86,900,000
Senior Bond at amortised cost	300,000,000	300,000,000
Finance lease obligations at amortised cost	561,061	124,297
Debt initiation cost and legal fees	(3,458,775)	(5,494,829)
Total non-current borrowings	394,002,286	406,190,977

b) Current loans and borrowings

	2018 USD	2017 USD
Current maturities of non-current loans and borrowings	–	24,460,190
Current maturities of non-current finance lease obligations	1,245,835	47,027
Short term loans repayable on demand	12,170,013	12,586,899
Loans from related parties	1,074,115	1,800,000
Total current borrowings	14,489,963	38,894,116

Terms and debt repayment schedule

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

Nature of loan and borrowings	**Maturity pattern**	**2018**			**2017**		
		Interest rate %	**Face value USD**	**Carrying amount USD**	**Interest rate %**	**Face value USD**	**Carrying amount USD**
Stock settled debt instrument ##	Refer note ^^	Refer note ^^	58,200,000	96,900,000	Refer note ^^	58,200,000	86,189,548
Term Loan	Quarterly instalments ending in October 2021**	–	–	–	3 months Libor plus 3.25% p.a.	8,931,171	8,613,741
Revolver credit loan *	Maturing on 1 September 2017	–	–	–	Libor plus 1.50% - 3.35%	20,265,434	20,265,434
Term Loan	Quarterly instalments ending in October 2021**	–	–	–	3 months CIDOR plus 3.25% p.a.	19,925,094	19,802,048
Senior Bond 2021 @@	Repayable in 2021	4.875%	300,000,000	296,541,225	4.875%	300,000,000	295,656,099
Finance lease obligations	Monthly instalments ending in February 2021	15%	197,489	197,489	15%	167,701	167,701
Finance lease obligations	Monthly instalments ending in October 2018	15%	1,496	1,496	15%	3,623	3,623
Finance lease obligations	Monthly instalments ending in 2021	4%-5%	1,607,911	1,607,911	–	–	–
Total			360,006,896	395,248,121		407,493,023	430,698,194
Less: Current maturities of loan and borrowings (included in current loans and borrowings)			–	–		(24,460,190)	(24,460,190)
Less: Current maturities of finance lease obligations (included in current loans and borrowings)			(1,245,835)	(1,245,835)		(47,027)	(47,027)
Non-current borrowings (as per Statement of Financial Position)			358,761,061	394,002,286		382,985,806	406,190,977

* The terms of the loan arrangement contain certain restrictive covenants, mainly the requirements to maintain certain financial ratios. The Group was in compliance of such covenants as at 31 March 2017.

The terms of the loan arrangement contain certain restrictive covenants, mainly the requirements to maintain certain financial ratios. The Group was in compliance of such covenants as at 31 March 2018 and 31 March 2017.

@@ The terms of the offering memorandum contain certain restrictive covenants, mainly the requirements to maintain certain financial ratios. The Group was in compliance of such covenants as at 31 March 2018 and 31 March 2017.

^^ During the year ended 31 March 2015, the Group had obtained a term loan amounting to USD 60,000,000 from International Finance Corporation (IFC), due for repayment on 15 June 2020 (50%) and 15 June 2021 (50%) along with the repayment premium in accordance with the terms of the contract, if on or prior to such repayment date there has been (a) neither a Private Equity (PE) Investment nor a Qualifying IPO or (b) there has been a PE Investment but IFC has not converted the entire loan into shares pursuant to its put option. The term loan carries a differential return (in the form of discount in the event of conversion and premium in the event of redemption) to IFC under various scenarios based on the probabilities of occurrence of Private Equity (PE) Investment, Qualifying IPO and redemption. This instrument is considered as stock settled debt as the characteristic of this instrument do not expose the counterparty to risk and rewards similar to those of an owner and, therefore, do not create a shareholder relationship. Accordingly, this instrument has been classified as debt instrument.

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

** During the year ended 31 March 2018, the Group has made prepayments and the loan amounts were fully repaid.

c) Assets pledged as security

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

	2018 USD	2017 USD
Property, plant and equipment	–	124,541,641
Inventories	37,904,068	91,896,188
Financial assets	31,789,737	121,995,548
Other assets	–	25,661,161
	69,693,805	364,094,538

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

	2018 USD
Loans and borrowings at the beginning of the year (including interest accrued)	452,255,021
Acquired during the year pursuant to business combination	3,003,722
Finance costs expensed	27,488,525
Finance costs capitalised	1,479,890
Net repayment of loans and borrowings as per the Consolidated Statement of Cash Flows	(52,915,789)
Finance costs paid	(16,986,173)
Others (foreign currency translation adjustment, etc.)	1,258,292
Loans and borrowings at the end of the year (including interest accrued)	415,583,488

13 Other financial liabilities

	2018 USD	2017 USD
Current		
Interest accrued but not due on borrowings	7,091,239	7,169,928
Capital creditors	2,635,998	3,669,895
Others	1,761,631	692,999
Total current other financial liabilities	11,488,868	11,532,822

14 Deferred tax

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

Deferred tax assets:

	Research & Development and other tax credits USD	Tax losses carried forward USD	Accrued expenses USD	MAT Credit entitlement USD	Others USD	Total USD
At 1 April 2016	(210,754)	5,756,712	19,930,377	–	3,075,312	28,551,647
(Charged)/Credited:						
- to profit and loss	–	7,717,204	(905,828)	8,323,950	(653,044)	14,482,282
- to other comprehensive income	–	–	83,110	–	–	83,110
- foreign currency translation reserve	–	533,906	22,814	–	(1,680)	555,040
At 31 March 2017	(210,754)	14,007,822	19,130,473	8,323,950	2,420,588	43,672,079
(Charged)/Credited:						
- to profit and loss	256,734	20,266,385	(7,498,274)	1,776,158	1,797,804	16,598,807
- to other comprehensive income	–	–	26,237	–	–	26,237
- foreign currency translation reserve	–	(117,783)	(10,683)	(57,710)	2,826	(183,350)
- Reclassification to Income tax assets*	–	(4,516,001)	–	–	–	(4,516,001)
At 31 March 2018	45,980	29,640,423	11,647,753	10,042,398	4,221,218	55,597,772

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

Deferred tax liabilities:

	Depreciation, amortisation and difference in value of CWIP/ Intangibles USD	Others USD	Total USD
At 1 April 2016	28,133,467	1,883,534	30,017,001
Charged/(Credited):			
- to profit and loss	9,893,621	(1,353,886)	8,539,735
- to other comprehensive income	–	–	–
- foreign currency translation reserve	(418,260)	5,095	(413,165)
At 31 March 2017	37,608,828	534,743	38,143,571
Charged/(Credited):			
- to profit and loss	7,942,676	(86,995)	7,855,681
- to other comprehensive income	–	–	–
- foreign currency translation reserve	527,855	4,502	532,357
At 31 March 2018	46,079,359	452,250	46,531,609

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.

	2018 USD	2017 USD
Deferred tax assets	25,759,953	24,397,589
Deferred tax liabilities	(16,693,790)	(18,869,081)
Deferred tax assets (net)	9,066,163	5,528,508

In assessing the realizability of deferred income tax assets, management considers that ultimate realization 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 realize the benefits of those deductible differences. Accordingly, amount of the deferred income tax assets are considered realizable.

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

	2018 USD	2017 USD
Balance as at the commencement of the year	(5,528,508)	1,465,354
Tax benefit during the year recognised in statement of profit or loss	(8,743,126)	(5,942,547)
Tax benefit during the year recognised in other comprehensive income	(26,237)	(83,110)
Reclassification of deferred tax asset to income tax assets	4,516,001	–
Foreign currency translation adjustment	715,707	(968,205)
Balances as at the end of the year	(9,066,163)	(5,528,508)

a) Tax losses

	2018 USD	2017 USD
Tax losses for which no deferred tax has been recognised	1,187,463	4,073,342

Tax losses of USD 499,910 and USD 535,331 as at 31 March 2018 and 31 March 2017 will expire during the financial years 2018-38 and 2018-38, respectively. 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

	2018 USD	2017 USD
Undistributed earnings	315,858,162	207,521,725

Deferred tax asset has not been recognized on temporary differences in relation to indexation benefit of investment in subsidiaries amounting to USD 1,932,695 and USD 1,422,943 and freehold land amounting to USD 286,871 and USD 211,209 for the years ended 31 March 2018 and 31 March 2017 respectively, as the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary differences will not reverse in foreseeable future.

15 Provisions

	2018 USD	2017 USD
Non-current		
Decommissioning provisions	2,168,810	–
Total non-current provision	2,168,810	–
Total provision	2,168,810	–

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

	2018 USD	2017 USD
Balance at beginning of year	–	–
Acquired during the year (refer note 24)	2,158,863	–
Unwinding of discount	9,947	–
Balance at end of year	2,168,810	–

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

16 Other liabilities

	2018 USD	2017 USD
Non-current		
Deferred revenue	1,190,536	1,494,823
Total non-current other liabilities	1,190,536	1,494,823
Current		
Trade deposits and advances	3,284,028	3,865,409
Deferred revenue	2,420,931	1,622,519
Statutory dues payables	2,885,118	2,634,032
Total current other liabilities	8,590,077	8,121,960
Total other liabilities	9,780,613	9,616,783

17 Trade payables

	2018 USD	2017 USD
Trade payables to related parties (refer note 30)	3,810,103	11,053,255
Other trade payables	58,366,652	39,133,896
Total trade payables	62,176,755	50,187,151

18 Revenue from operations

	2018 USD	2017 USD
Sale of products (net of excise duty)	511,042,090	348,734,219
Sale of services	100,768,779	104,267,161
Other operating revenue *	7,354,719	7,570,753
	619,165,588	460,572,133
* Includes government grant recognised	3,994,573	5,577,618

19 Employee benefits expense

	2018 USD	2017 USD
Salaries, wages, bonus, gratuity and allowances	149,746,705	109,542,171
Contribution to provident fund, superannuation and other funds	11,550,053	9,986,364
Share-based payment expense	–	7,405
Staff welfare expenses	18,627,173	12,051,204
Total employee benefit expense	179,923,931	131,587,144

20 Finance income

	2018 USD	2017 USD
Finance income from:		
- Loan to related parties	4,295,073	1,881,004
- Others	311,721	244,270
Total finance income	4,606,794	2,125,274

21 Finance costs

	2018 USD	2017 USD
Interest expense	25,305,163	32,505,083
Other finance costs	2,183,362	4,134,937
Exchange differences to the extent considered as an adjustment to finance costs	–	100,398
Total finance costs	27,488,525	36,740,418

22 Other expenses

	2018 USD	2017 USD
Consumption of stores and spares and packing materials	19,280,790	16,041,273
Processing charges	1,459,499	659,360
Excise duty related to increase/(decrease) in inventory of finished goods	470,109	5,830
Repairs and maintenance		
- Plant and machinery	6,235,779	5,505,932
- Buildings	3,893,166	3,001,470
- Others	2,818,573	1,750,143
Office expenses	1,475,045	1,202,857
Communication charges	2,495,520	1,169,452
Power and fuel	14,127,311	10,897,148
Rental expense	4,722,653	1,835,826
Rates and taxes	6,999,021	5,455,517
Legal and professional fees	20,308,653	14,216,189
Travel and conveyance	5,299,337	3,705,071
Vehicle running and maintenance	262,867	234,853
Advertisement, publicity and sales promotion	2,907,676	3,212,373
Insurance expense	1,906,878	1,625,018
Discounts, claims to customer and other selling expenses	5,259,698	7,192,452
Commission on sales	3,915,320	958,147
Loss on sale/disposal/discard of property, plant and equipment (net)	121,623	99,608
Foreign exchange loss, net	911,328	595,614
Provision for loss allowance on trade receivables (net)	346,341	205,433
Staff recruitment and training	1,794,898	1,831,106
Freight and forwarding	7,458,698	3,545,188
Bank charges	2,320,947	838,565
Miscellaneous expenses	3,876,161	2,358,470
Total other expenses	120,667,891	88,142,895

23 Income tax expense

The major components of income tax expense for the years ended 31 March 2018 and 31 March 2017 are:

Profit or loss section:

	2018 USD	2017 USD
Income tax expense		
Current tax		
Current tax on profits for the year	32,264,804	28,343,455
Adjustment for current income tax of previous years	212,988	547,038
Total current tax expense	32,477,792	28,890,493
MAT credit		
MAT credit on profits for the year	(1,763,970)	(7,336,907)
Adjustment in respect of MAT credit of previous years	(12,708)	(710,322)
Total MAT credit tax benefit	(1,776,678)	(8,047,229)
Deferred tax		
Deferred tax on profits for the year	(5,647,088)	2,104,682
Adjustment in respect of deferred tax of previous years*	(1,319,360)	–
Total deferred tax (benefit)/expense	(6,966,448)	2,104,682
Income tax expense	23,734,666	22,947,946

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

Other comprehensive income section:

	2018 USD	2017 USD
Tax related to items that will not be reclassified to profit or loss	26,237	83,110
Income tax benefit to OCI	26,237	83,110

Reconciliation between average effective tax rate and applicable tax rate for the years ended 31 March 2018 and 31 March 2017:

	2018 USD	2017 USD
Profit from continuing operations before income tax expense	72,851,547	73,207,908
Statutory tax rate	17%	17%
Tax at the Singapore tax rate of 17%	12,384,763	12,445,344
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Incremental allowance for research and development	(2,912,884)	(5,127,968)
Effect of prior year reassessments	(1,119,080)	547,038
Effect of state taxes	(751,168)	(48,598)
Tax rate difference*	8,554,958	13,745,697
Unrecognised deferred tax	24,201	250,726
Effect of other permanent differences**	7,553,876	1,135,707
	23,734,666	22,947,946

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

** Primarily includes effect of tax on exempt income, non-deductible expenses and utilisation of deferred tax assets which was originally recognised through equity.

24 Business combination

On 31 August 2017, subject to customary closing conditions, the Group, through Jubilant Draximage Radiopharmacies Inc. (a wholly owned step-down subsidiary), acquired through an Asset Purchase Agreement ("APA") substantially all of the assets comprising the Radiopharmacy Business and assumed only certain specific, related liabilities, from Triad Isotopes, Inc. ("Triad") for a purchase consideration of USD 20,424,358, subject to pending final adjustments to the working capital. The acquisition cost of USD 2,504,000 has been expensed as incurred and included as part of legal and professional expense within other expenses.

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

This being a business purchase has been accounted for in accordance with the IFRS 3(R) "Business Combinations" and the preliminary purchase price allocation as at 31 March 2018 due to pending finalization of working capital adjustment and certain information about fair valuation of acquired assets and assumed liabilities, is as follows:

Provisional values:

Particulars	**Fair value USD**
Property, plant and equipment	8,499,210
Other intangible assets	1,614,339
Inventories	4,774,213
Trade receivables	16,594,094
Other financial assets	3,030,679
Other assets	978,130
Loans and borrowings	(3,003,722)
Provisions	(2,158,863)
Trade payables	(17,616,382)
Employee benefits	(3,316,838)
Other liabilities	(344,336)
Net assets acquired	**9,050,524**
Goodwill	11,373,834
Total consideration	**20,424,358**
Consideration paid	(20,143,369)
Consideration payable	**280,989**

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

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

25 Employee benefits

(A) Defined Contribution Plans

a. The Group entities located in India 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:

	2018 USD	2017 USD
Employer's contribution to provident fund*	21,101	18,936
Employer's contribution to employee's pension scheme	391,518	350,318
Employer's contribution to employee state insurance	62,431	36,087

* For certain employees where Provident Fund is deposited with Government authority e.g. Regional Provident Fund Commissioner.

b. The Group entities located in United States of America have a 401(k) plan, where in the regular, full-time and part-time employees are eligible to participate in the defined contribution plan. Participants may voluntarily contribute eligible pre-tax and post-tax compensation in 0.5% increments (1% up to December 2015) of up to 90% of their annual compensation in accordance with the annual limits as determined by the Internal Revenue Service. Eligible employees in one of the States receive a 100% match of their contributions up to 3% of their eligible compensation and 50% match of their contributions from 3%-5% of their eligible compensation. Such employees above the age of 50 years may choose to contribute "catch-up" contributions in accordance with the Internal Revenue Service limits and are matched the same up to the maximum company contribution of 100% of first 3% of eligible compensation and 50% of the next 2% of contribution. The company's matching contributions vest 100% at all time for such employees. Eligible employees in other States receive a 50% match of their contributions up to 6% of their eligible compensation. Such other employees above the age of 50 years may choose to contribute "catch-up" contributions in accordance with the Internal Revenue Service limits and are matched the same up to the maximum Group contribution of 3% of eligible compensation. The Group's matching contributions vest 100% after three years of service for such other employees. The Group has contributed USD 1,932,258 and USD 1,238,450 for the years ended 31 March 2018 and 31 March 2017, respectively.

c. The entities of the Group located in Canada contribute to a Registered Retirement Savings Plan (RRSP), a trust registered with Canada Revenue Agency (CRA) and to Quebec pension plan (QPP). Under RRSP plan, the Group contributes equivalent to the contribution made by the employee, up to a maximum of 5% of the employees' base salary. Under QPP plan, the Group contributes equivalent to the contribution made by the employees at the rate of 5.40% and 5.25% of the employees' base salary for the years ended 31 March 2018 and 31 March 2017, respectively.

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

Plan under which contributions made	**2018 USD**	**2017 USD**
Registered retirement savings plan (RRSP)	951,485	908,174
Quebec pension plan (QPP)	1,256,188	1,139,797

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 47,634 and USD 64,746 for the years ended 31 March 2018 and 31 March 2017, 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 7.70% p.a. and 7.50% p.a. as at 31 March 2018 and 31 March 2017, respectively which is determined by reference to market yield at the Statement of financial position date on government bonds. The retirement age has been considered at 58 years and mortality table is as per IALM (2006-08) as at 31 March 2018 and 31 March 2017.

The estimates of future salary increases, considered in actuarial valuation is 10% p.a. for first three years and 6% p.a. thereafter as at 31 March 2018 and 31 March 2017, taking into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The plans assets are maintained with Life Insurance Corporation of India in respect of gratuity scheme for certain employees of one unit of the Group. The details of investments maintained by Life Insurance Corporation are not available with the Group, hence not disclosed. The expected rate of return on plan assets is 7.70% p.a. and 7.50% p.a. as at 31 March 2018 and 31 March 2017, respectively.

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

	2018 USD	**2017 USD**
Present value of obligation at the beginning of the year	2,272,195	1,747,143
Current service cost	422,352	362,555
Interest cost	171,207	136,905
Actuarial loss	82,000	240,145
Benefits paid	(237,561)	(270,143)
Effect of exchange rate changes	(15,323)	55,590
Present value of obligation at the end of the year	2,694,870	2,272,195

Fair Value of Plan Assets:**

	2018 USD	2017 USD
Plan assets at the beginning of the year	333,258	259,793
Actual return on plan assets	33,986	8,666
Contribution by employer	90,779	85,667
Benefits paid	(37,981)	(28,713)
Effect of exchange rate changes	(2,461)	7,846
Plan assets at the end of the year	417,581	333,259

** 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:

	2018 USD	2017 USD
Present value of obligation at the end of the year	2,694,870	2,272,195
Fair value of plan assets at the end of the year	(417,581)	(333,259)
Net liabilities recognised in the Statement of financial position	2,277,289	1,938,936

Group's best estimate of contribution during next year is USD 662,229 and USD 586,483 for the year 31 March 2018 and 31 March 2017, respectively.

Expense recognised in the Statement of Profit or Loss and Other Comprehensive income under employee benefits expense:

	2018 USD	2017 USD
Current service cost	422,352	362,555
Interest cost	146,096	116,629
Net cost recognised in the Consolidated statement of profit or loss and other comprehensive income	568,448	479,184

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

	2018 USD	2017 USD
Actuarial gain due to demographic assumption change	(106)	(1,159)
Actuarial (gain)/loss due to financial assumption change	(30,295)	53,864
Actuarial loss due to experience adjustment	112,402	175,830
Actuarial (gain)/loss on plan assets	(9,220)	11,610
Amount recognised in the other comprehensive income	72,781	240,145

Sensitivity analysis

Assumptions	Discount rates		Future salary increase	
2018				
Sensitivity level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit	(81,802)	86,618	87,201	(83,077)
2017				
Sensitivity level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit	(69,950)	74,149	74,520	(70,924)

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.

ii. Provident Fund:

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

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

	2018	2017
Discount rate	7.70%	7.50%
Guaranteed rate of return	8.55%	8.65%

The Group has contributed to provident fund USD 809,425 and USD 693,463 for the years ended 31 March 2018 and 31 March 2017.

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

	2018	2017
Present value of obligation at the end of the year	1,913,538	1,685,910

26 Fair value measurements

	Note	Level of hierarchy	2018 FVPL USD	2018 FVOCI USD	2018 Amortised cost USD	2017 FVPL USD	2017 FVOCI USD	2017 Amortised cost USD
Financial assets								
Investments	(d),(f)	3	–	–	–	–	–	–
Trade receivables	(a)		–	–	105,941,967	–	–	95,450,918
Cash and cash equivalents	(a)		–	–	27,086,489	–	–	48,409,120
Other financial assets	(e),(f)	3	–	–	59,523,146	–	–	51,959,899
Total financial assets			–	–	192,551,602	–	–	195,819,937
Financial liabilities								
Loans and borrowings	(c),(f)	1,3	96,900,000	–	311,592,249	86,189,548	–	358,895,545
Trade payables	(a)		–	–	62,176,755	–	–	50,187,151
Employee benefits	(a),(b)		–	–	20,765,192	–	–	15,209,192
Other financial liabilities	(a)		–	–	11,488,868	–	–	11,532,822
Total financial liabilities			96,900,000	–	406,023,064	86,189,548	–	435,824,710

Valuation techniques and significant unobservable inputs

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

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Loans and borrowings (stock settled debt instrument)	*Discounted cash flows:* The valuation model considers the weighted present value of payments required to be made to the lender upon the occurrence or non-occurrence of specific events (i.e. Initial Public Offering, Private Equity Investment)	• Probabilities assigned to the occurrence of specific events each of which has a specified payout to the lender. • Adjusted discount rate 14% (2017: 10.5%)	The estimated fair value would increase (decrease) if the probabilities assigned to the occurrence of an IPO were greater (lower); the adjusted discount rate was lower (higher)

Financial instruments not measured at fair value

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

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Loans and borrowings (secured loan)	*Discounted cash flows:* The valuation model considers the present value of expected payments discounted using an adjusted discount rate	Adjusted discount rate Nil (2017: 4.19%)	The estimated fair value would increase (decrease) if the adjusted discount rate was lower (higher)
Other financial assets (loan to related parties)	*Discounted cash flows:* The valuation model considers the present value of expected receipts discounted using an adjusted discount rate	Adjusted discount rate 8.47% (2017: 8.48%)	The estimated fair value would increase (decrease) if the adjusted discount rate was lower (higher)

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

	Impact on profit or loss USD
2018	
100% probability assigned to an IPO being achieved one year later	(4,806,015)
2017	
100% probability assigned to an IPO being achieved one year later	(2,783,333)

Note:

(a) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.

(b) Fair value of non-current financial liabilities has not been disclosed as there is no significant difference between carrying value and fair value.

(c) Fair value of loans and borrowings is as below:

	Level of hierarchy	Fair value	
		2018 USD	2017 USD
Bond	1	294,750,000	299,250,000
Other borrowings (including current maturities)*	3	111,951,024	146,527,127
Total		406,701,024	445,777,127

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

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

	2018 USD	2017 USD
Opening balance	86,189,548	69,800,253
Loss recognised in profit or loss (included in finance costs)	10,710,452	18,189,295
Repayment	–	(1,800,000)
Closing balance	96,900,000	86,189,548

(d) Reconciliation of fair value measurement of investments performed using level 3 of fair value hierarchy is as below:

	2018 USD	2017 USD
Opening balance	–	7,020,614
Transfer to capital reserve	–	(7,020,614)
Closing balance	–	–

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

	Level of hierarchy	Fair value	
		2018 USD	2017 USD
Other financial assets *	3	59,570,047	51,999,835

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

(f) There are no transfers between level 1, level 2 and level 3 during the years ended 31 March 2018 and 31 March 2017.

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

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

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, investments and other financial assets.

The carrying amount of financial assets represents the maximum credit exposure.

Trade receivables and other financial assets

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

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 of 31 March 2018 and 31 March 2017, one customer is having 10.01% and 20.45% share in total trade receivables of the Group respectively.

Expected credit loss for trade receivables:

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

The age profile of trade receivables are as follows:

	2018 USD	**2017 USD**
Not due	80,855,105	72,982,272
0-90 days	22,311,492	19,813,286
90-180 days	1,731,675	2,277,713
180-270 days	355,684	354,249
270-360 days	553,590	506,135
More than 360 days	1,830,903	1,720,247
Less: Allowance for credit losses	(1,696,482)	(2,202,984)
	105,941,967	95,450,918

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

	2018 USD	**2017 USD**
Balance at the beginning of the year	2,202,984	2,183,205
Add : Provided during the year (net of reversal)	346,341	205,433
Less : Amount written off */translation adjustment	(852,843)	(185,654)
Balance at the end of the year	1,696,482	2,202,984

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

Expected credit loss on financial assets other than trade receivables:

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

Liquidity risk

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

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

Exposure to liquidity risk

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

		Contractual cash flows		
	Carrying amount USD	**Total USD**	**Within 1 year USD**	**More than 1 year USD**
At 31 March 2018				
Non-derivative financial liabilities				
Loans and borrowings [(1)] [(2)]	408,492,249	411,951,024	14,489,963	397,461,061
Trade payables	62,176,755	62,176,755	62,176,755	–
Other financial liabilities	11,488,868	11,488,868	11,488,868	–
Employee benefits	20,765,192	20,765,192	16,956,491	3,808,701
	502,923,064	506,381,839	105,112,077	401,269,762
At 31 March 2017				
Non-derivative financial liabilities				
Loans and borrowings [(1)] [(2)]	445,085,093	450,579,922	38,894,116	411,685,806
Trade payables	50,187,151	50,187,151	50,187,151	–
Other financial liabilities	11,532,822	11,532,822	11,532,822	–
Employee benefits	15,209,192	15,209,192	12,000,470	3,208,722
	522,014,258	527,509,087	112,614,559	414,894,528

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

[(2)] Contractual cash flows exclude interest payable.

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.

Exposure to currency risk

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

	USD	**EUR**	**CAD**	**Others**
2018				
Trade and other receivables	89,409,570	3,093,738	–	2,031,680
Cash and cash equivalents	7,636,567	7,300	639,483	403,236
Loans and borrowings	175,000	–	–	–
Trade and other payables	24,689,243	1,520,486	1,274,261	1,886,041
Net statement of financial position exposure	72,181,894	1,580,552	(634,778)	548,875
2017				
Trade and other receivables	33,035,759	1,323,379	182,120	506,788
Cash and cash equivalents	34,599,712	–	–	52,230
Loans and borrowings	8,613,741	–	–	–
Trade and other payables	5,980,142	–	–	31,096
Net statement of financial position exposure	53,041,588	1,323,379	182,120	527,922

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**
2018				
USD (1% movement)	721,819	(721,819)	–	–
EUR (1% movement)	15,806	(15,806)	–	–
CAD (1% movement)	(6,348)	6,348	–	–
Others (1% movement)	5,489	(5,489)	–	–
2017				
USD (1% movement)	530,416	(530,416)	–	–
EUR (1% movement)	13,234	(13,234)	–	–
CAD (1% movement)	1,821	(1,821)	–	–
Others (1% movement)	5,279	(5,279)	–	–

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 LIBOR and other benchmark lending rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

Exposure to interest rate risk

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

	Nominal amounts	
	2018	**2017**
	USD	**USD**
Fixed-rate borrowings	302,881,011	301,971,324
Floating-rate borrowings	12,170,013	61,708,598

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 43,700 and USD 14,253 for the years ended 31 March 2018 and 31 March 2017. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

28 Capital management

Risk management

The Group's objectives when managing capital are to:

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

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

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

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

The gearing ratios were as follows:

Particulars	**2018** **USD**	**2017** **USD**
Net debt	381,405,760	396,675,973
Total equity	384,166,646	328,230,911
Net debt to equity ratio	0.99	1.21

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. Hitherto, the Group presented "Pharmaceuticals" as one operating segment, however driven by market conditions and other business developments, the CODM has now decided to regularly review information at below mentioned segment levels. Accordingly, the Group has determined following reportable segment based on nature of its product and service and previous year figure have now been presented to conform to current year presentation:

- **Active Pharmaceuticals Ingredients (APIs) and Generics**; and
- **Specialty Pharmaceuticals:** Radiopharmaceuticals, Allergy Therapy products and Contract manufacturing operations (CMO) of Sterile Injectables.

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

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

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

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

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

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

(b) Information about reportable segments (also refer note 24)

	Total segment revenue		**Inter-segment revenue**		**Revenue from external customers**	
	2018 USD	**2017 USD**	**2018 USD**	**2017 USD**	**2018 USD**	**2017 USD**
REVENUE						
APIs and Generics	209,806,732	214,194,750	164,000	316,600	209,642,732	213,878,150
Specialty Pharmaceuticals	409,522,856	246,693,983	–	–	409,522,856	246,693,983
Total	619,329,588	460,888,733	164,000	316,600	619,165,588	460,572,133

	2018 USD	2017 USD
RESULTS		
APIs and Generics	(2,603,866)	30,526,159
Specialty Pharmaceuticals	110,670,025	85,957,392
Segment total	108,066,159	116,483,551
Un-allocated corporate expenses (net of un-allocated income)	(12,332,882)	(8,660,499)
Finance income	4,606,794	2,125,274
Finance costs	(27,488,525)	(36,740,418)
Profit before tax	72,851,546	73,207,908
Income tax expense	(23,734,666)	(22,947,946)
Profit for the year	49,116,880	50,259,962

	Segment assets		Segment liabilities	
	2018 USD	2017 USD	2018 USD	2017 USD
APIs and Generics	402,942,945	399,507,672	46,351,984	44,999,123
Specialty Pharmaceuticals	466,128,888	413,334,193	52,293,557	32,767,276
Segment total	869,071,833	812,841,865	98,645,541	77,766,399
Un-allocated corporate assets / liabilities	56,056,369	75,077,997	442,316,015	481,922,552
Total	925,128,202	887,919,862	540,961,556	559,688,951

	Capital expenditure		Depreciation, amortisation and impairment	
	2018 USD	2017 USD	2018 USD	2017 USD
APIs and Generics	34,493,082	35,202,840	28,458,442	16,393,993
Specialty Pharmaceuticals	16,568,897	15,516,599	27,198,029	14,635,433
Segment total	51,061,979	50,719,439	55,656,471	31,029,426
Un-allocated	9,283	86,177	63,054	59,698
Total	51,071,262	50,805,616	55,719,525	31,089,124

(c) Geographical information (also refer note 24)

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:

	2018 USD	2017 USD
North America	495,649,473	325,091,828
Europe	57,794,592	80,225,276
Asia	39,502,471	31,977,331
Rest of the world	26,219,052	23,277,698
Total	619,165,588	460,572,133

(ii) Segment non-current assets*:

	2018 USD	2017 USD
North America	398,599,702	378,035,914
Europe	11,464,366	9,787,974
Asia**	160,442,613	156,155,666
Total	570,506,681	543,979,554

* Non-current assets exclude financial instruments and deferred tax assets.
** Asia includes USD 78,140 and USD 112,637 as at 31 March 2018 and 31 March 2017, respectively, based in Singapore (country of domicile).

(d) Major customer

For the years ended 31 March 2018 and 31 March 2017, there is one customer of Specialty Pharmaceuticals segment contributing 84,564,321 and 51,749,278, respectively of the consolidated revenue of the Group.

30 Related parties

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

Transactions with related parties

	2018 USD	2017 USD
Purchase of goods and services from:		
- Jubilant Biosys Limited	–	12,801
- Jubilant Life Sciences (USA) Inc.	261,492	236,879
- Jubilant Chemsys Limited	–	7,601
- Jubilant Life Sciences Limited	1,231,788	981,245
Sale of goods and services to:		
- Jubilant Life Sciences Limited	33,159	114,652
Reimbursement of expenses:		
- Jubilant Life Sciences Limited	8,507,113	7,659,011
- Jubilant Life Sciences (USA) Inc.	–	25,752
- Jubilant Chemsys Limited	7,436	6,186
- Jubilant Biosys Limited	–	11,490
Recovery of expenses:		
- Jubilant Life Sciences Limited	287,533	65,036
- Jubilant Life Sciences (USA) Inc.	156,383	138,807
- Jubilant Discovery Services Inc.	71,917	89,301
- Jubilant Drug Discovery & Development Services Inc.	172,238	9,016
- Jubilant Chemsys Limited	248,490	–
- Jubilant Agri and Consumer Products Limited	70,643	56,777
- Jubilant Life Sciences (Switzerland) Inc.	–	2,032
- Jubilant Life Sciences NV	136,973	132,441
Loans and borrowings taken:		
- Jubilant Life Sciences Limited	28,357,862	–
Loans and borrowings repaid:		
- Jubilant Life Sciences Limited	27,273,431	–
- Jubilant Innovation (USA) Inc.	1,800,000	–
Loans and borrowings given:		
- Jubilant Life Sciences Limited	852,053	48,464,062
- Drug Discovery and Development Solutions Limited	1,750,000	–
Loans and borrowings received back:		
- Jubilant Life Sciences Limited	852,053	–
- Drug Discovery and Development Solutions Limited	1,750,000	–

	2018 USD	2017 USD
Interest on borrowings/payable for business purchase:		
- Jubilant Life Sciences Limited	70,171	–
- Jubilant Innovation (USA) Inc.	21,533	–
Interest on loans and borrowings borrowing given:		
- Jubilant Life Sciences Limited	4,285,846	1,881,004
- Drug Discovery and Development Solutions Limited	9,227	–
Sale of Merchandise Exports from India Scheme (MEIS) scripts		
- Jubilant Life Sciences Limited	2,289,430	4,350,582
Group's contribution to provident fund trust:		
- Vam Employees Provident Fund Trust	809,425	693,463
Rent expenses:		
- Jubilant Life Sciences Limited	874,671	–
- Jubilant Enpro Private Limited	92,796	–
Sale of assets:		
- Jubilant Drug Development and Discovery Services Inc	–	58,420
Transactions with key managerial personnel		
- Short term employee benefits	3,656,359	2,540,148
- Defined contribution plan	7,042	5,074
- Sitting Fee	66,000	48,500
- Director Fee	102,362	75,000
	3,831,763	2,668,722

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

Due from related parties

Loans (including interest) receivable

	2018 USD	2017 USD
- Jubilant Life Sciences Limited	50,193,589	50,441,266

Trade receivables

	2018 USD	2017 USD
- Jubilant Life Sciences Limited	255,734	273,768
- Jubilant Life Sciences NV	71,252	–
	326,986	273,768

Advance recoverable

	2018 USD	2017 USD
- Jubilant Drug Discovery and Development Services Inc.	75,476	67,340
- Jubilant Discovery Services Inc.	16,839	334,092
- Jubilant Chemsys Limited	20,294	306
- Jubilant Life Sciences (USA) Inc.	180,427	54,521
- Jubilant Life Sciences Limited	512,117	124,972
- Jubilant Agri and Consumer Products Limited	16,127	29,154
	821,280	610,385

Due to related parties

Loans (including interest) payable

	2018 USD	2017 USD
- Jubilant Life Sciences Limited	1,074,115	–
- Jubilant Innovation (USA) Inc.	–	1,879,855
	1,074,115	1,879,855

Trade payables

	2018 USD	2017 USD
- Jubilant Life Sciences Limited	2,592,425	10,479,910
- Jubilant Life Sciences (USA) Inc.	1,152,117	406,482
- Jubilant Life Sciences NV	–	87,794
- Jubilant Biosys Limited	58,561	68,970
- Jubilant Discovery Services Inc.	7,000	7,000
- Jubilant Life Sciences (Switzerland) AG	–	3,099
	3,810,103	11,053,255

31 Contingent liabilities to the extent not provided for

(a) Guarantees:

Outstanding guarantees furnished by banks on behalf of the Group is USD 127,148 and USD 8,327 as at 31 March 2018 and 31 March 2017, respectively.

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

	2018 USD	2017 USD
Central Excise	283,935	71,781
Customs	1,211	1,218
Service Tax	4,872,607	352,352
Income Tax	22,100,000	–
Others	3,115	386,739
	27,260,868	812,090

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

(c) Other contingent liabilities

(a) A customer had filed an arbitration claim in 2013 before the International Court of Arbitration, International Chamber of Commerce, Paris ("ICC") against Jubilant Pharmaceuticals NV (JPNV), a subsidiary of the Group in Belgium alleging contravention of certain provisions of Licensing and Supply agreement between the parties and claiming damages (excluding interest) amounting to €2,083,421 (USD 2,583,442 and USD 2,226,134 as at 31 March 2018 and 31 March 2017, respectively). JPNV has also filed a counter claim against this customer for damages amounting to €2,379,678 (USD 2,950,800 and USD 2,542,685 as at 31 March 2018 and 31 March 2017, respectively) in the same dispute. During the current year, Partial Award No. 2 dated 5 September 2017 was passed by the Arbitrator wherein claims of the customer were allowed for €668,684 (USD 829,168) but the customer was restrained from using, either directly or indirectly, Jubilant Dossiers and also directed to return Jubilant Dossiers to Jubilant. The customer filed a review of the Partial Award No. 2 which was rejected by the Sole Arbitrator on 9 October 2017. Further, Partial Award No. 3 dated 14 February 2018 was passed by the Arbitrator making the customer liable for damages of €5,000 (USD 6,200) per day for any use, either directly or indirectly, of Jubilant Dossiers and €1,000 (USD 1,240) per day for non-return of Dossiers to Jubilant before 16 March 2018. The Arbitrator is yet to decide on the counterclaims filed by Jubilant. On 5 March 2018, the customer has also challenged the Partial Awards before Court of Brussels, on which Jubilant is filing its reply. Additionally, on 19 March 2018, the customer has filed a challenge against the Sole Arbitrator before the ICC alleging lack of impartiality and seeking his replacement. Jubilant has filed its reply thereon on 3 April 2018, which is under consideration of the ICC.

(b) 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.

32 Commitments as at year end

(a) Capital commitments

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

	2018 USD	2017 USD
Property, plant and equipment	13,943,261	17,170,440
Intangibles assets	1,011,820	896,972
	14,955,081	**18,067,412**

(b) For lease commitments, refer note 33.

(c) Other commitments:

Export obligation undertaken by the Group under EPCG scheme to be completed over a period of six years on account of import of capital goods with no import duty and remaining outstanding is USD 1,953,435 and USD 1,821,280 as at 31 March 2018 and 31 March 2017, respectively. Similarly, export obligation under Advance License Scheme on duty free import of specific raw materials, remaining outstanding is USD 2,904,602 and USD 17,809,715 as at 31 March 2018 and 31 March 2017, respectively.

33 Leases

(i) Operating lease payments under cancellable leases:

	2018 USD	2017 USD
Premises and equipment	1,046,801	841,784
Vehicles*	46,631	53,268
	1,093,432	895,052

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

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

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

	Minimum lease payments	
	2018 USD	2017 USD
Not later than one year	4,422,512	831,905
Later than one year but not later than five years	6,998,092	2,336,269
Later than five years	314,423	–
	11,735,027	3,168,174
Operating lease expenses	3,675,852	983,320

(iii) Assets acquired under finance lease:

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

Particulars	Minimum lease payments		Present value of minimum lease payments		Future interest	
	2018 USD	2017 USD	2018 USD	2017 USD	2018 USD	2017 USD
Not later than one year	1,330,851	67,217	1,245,835	47,016	85,016	20,200
Later than one year but not later than five years	522,657	150,686	477,965	124,225	44,692	26,307
Later than five years	87,251	–	83,096	–	4,155	–

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

34 Employee Stock Option Scheme

Jubilant India has two stock option plans in place namely:

- Jubilant Employees Stock Option Plan, 2005 ("Plan 2005")
- JLL Employees Stock Option Plan, 2011 ("Plan 2011")

Jubilant India has Nomination, Remuneration and Compensation Committee ('Committee') of the Board of Directors which comprises a majority of Independent Directors is responsible for administration and supervision of the Stock Option Plans. During the year ended 31 March 2009, members approved constitution of Jubilant Employees Welfare Trust.

Both plans allows grant of option stock to eligible categories of employees of the Company and its subsidiaries (including partnership) at its market price.

Under Plan 2005, as amended, and under Plan 2011, each option, upon vesting, shall entitle the holder to acquire five equity shares of INR 1 each. Options granted up to 28 August 2009 will vest entirely within two years from the grant date, with certain lock-in provisions. Options granted after 28 August 2009 will vest gradually over a period of 5 years from the grant date, without any lock-in provisions.

Under Plan 2011, each option, upon vesting, shall entitle the holder to acquire one equity share of 1 each. Options granted will vest gradually over a period of 3 years from the grant date. Vesting of Options is a function of achievement of performance criteria or any other criteria, as specified by the Committee and communicated in the grant letter.

	PLAN 2005						PLAN 2011		
	Vesting schedule (With lock in) Applicable for grants made up to 28 August 2009			Vesting Schedule (Without lock in) Applicable for grants made after 28 August 2009			Vesting schedule		
Sr. No	% of options scheduled to vest	Vesting date	Lock-in period	% of options scheduled to vest	Vesting date	Lock-in period	% of options scheduled to vest	Vesting date	Lock-in period
1.	10	1 year from grant date	Nil	10	1 year from grant date	Nil	20	1 year from grant date	Nil
2.	15	2 years from grant date	Nil	15	2 years from grant date	Nil	30	2 years from grant date	Nil
3.	20	2 years from grant date	1 year from vesting date	20	3 years from grant date	Nil	50	3 years from grant date	Nil
4.	25	2 years from grant date	2 years from vesting date	25	4 years from grant date	Nil			
5.	30	2 years from grant date	3 years from vesting date	30	5 years from grant date	Nil			

There were no options granted during the years ended 31 March 2018 and 31 March 2017, accordingly disclosures as required under IFRS 2 w.r.t. weighted average fair value of stock options granted during the year is not applicable.

The movement in the stock options under both the Plans, during the year, is set out below:

Under Plan 2005

Particulars	**For the year ended 31 March 2018**		**For the year ended 31 March 2017**	
	Number of options	**Weighted average exercise price (USD)**	**Number of options**	**Weighted average exercise price (USD)**
Outstanding at the beginning of the year	500	4.85	21,000	3.87
Forfeited during the year	–	–	(9,500)	3.75
Exercised during the year	(500)	4.85	(11,000)	3.73
Outstanding at the end of the year	–	–	500	4.85
Exercisable at the end of the year	–	–	500	4.85

Under Plan 2011

Particulars	**For the year ended 31 March 2018**		**For the year ended 31 March 2017**	
	Number of options	**Weighted average exercise price (USD)**	**Number of options**	**Weighted average exercise price (USD)**
Outstanding at the beginning of the year	16,260	3.32	58,265	4.71
Forfeited during the year	(5,826)	3.32	(4,325)	3.26
Exercised during the year	(3,068)	3.42	(37,680)	3.23
Outstanding at the end of the year	7,366	3.28	16,260	3.32
Exercisable at the end of the year	7,366	3.28	16,260	3.32

The weighted average share price for share options exercised during the years ended 31 March 2018 and 31 March 2017 was USD 12.46 and USD 8.49, respectively.

Fair value of options granted

The weighted average fair value of options granted for Plan 2005 and Plan 2011 were USD 1.45 per option and USD 1.31 per option respectively. The fair value at grant date is determined using the Black-Scholes-Merton which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The following tables list the inputs to models used for fair valuation of two plans:

Particulars	**Plan 2005**	**Plan 2011**
Expected volatility	29.73% - 41.76%	38.36% - 45.95%
Risk free interest rate	7.52% - 9.44%	7.74% - 8.81%
Exercise price (INR)	198.55 - 359.25	170.20 - 220.90
Expected dividend yield	0.51% - 0.90%	0.63% - 1.10%
Life of options (years)	4.25	3.65

Expected volatility has been based on an evaluation of the historical volatility of the share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

Expense arising from share-based payment transaction

The expenses arising from share-based payment transaction recognised in profit or loss as part of employee benefit expense for the years ended 31 March 2018 and 31 March 2017 were USD Nil and USD 7,405 respectively.

Share options outstanding at the end of the year:

Options	Options outstanding as at 31 March 2018	Options outstanding as at 31 March 2017	Remaining contractual life (in years) as at 31 March 2018	Remaining contractual life (in years) as at 31 March 2017	Exercise Price USD
Option Plan 2005	–	500	–	–	–
Option Plan 2011	7,366	16,260	–	–	3.28

Stock option plan of Cadista Holdings Inc.

Cadista Holdings Inc. has issued 749,547 stock options during the period 1995 to 2000 providing option to purchase equal number of common stock of Cadista Holdings Inc.at a price ranging from USD 0.80 to USD 1.60 per share and the weighted average exercisable price of these options is USD 1.54 as at each year end. The options were granted at exercise prices higher than the fair values on grant dates. All of the options are fully vested as at 1 July 2005 and remain unexercised since then.

Pursuant to the terms of the merger, each option to purchase shares that was issued by Cadista and was outstanding at the effective time of the merger on 22 December 2014, was at the effective time of the merger, automatically cancelled, and the holder of such option was entitled to receive cash (without interest, and less any applicable withholding taxes) equal to the product of (i) the excess, if any, of the merger consideration (USD 1.60 per share) over the per share exercise price of such option, multiplied by (ii) the number of shares subject to such option. Options with an exercise price that was equal to or greater than the merger consideration, upon the consummation of the merger, were cancelled without consideration. Holders of stock options are not entitled to exercise appraisal rights under Delaware law.

The erstwhile option holders holding 59,500 options at an exercise price of USD 0.80 per share have the right to make a claim for the differential amount of USD 0.80 per share totalling to 47,600, hence the Group has provided liability for the same in the books of account during the year ended 31 March 2015. Further, during the year ended 31 March 2016 one option holder claimed USD 4,200 for 5,250 options held which was adjusted with the total liability. There have been no more claims of any options during the years ended 31 March 2018 and 31 March 2017.

35 Subsequent events

The board of directors of the Company at its meeting held on 23 July 2018 resolved to evaluate fund raising opportunity through initial public offering which could result in dilution of the Jubilant India's stake in the Company.