Jubilant Pharma Limited
and its subsidiaries
Registration Number: 200506887H

Consolidated Financial Statements
For the financial years ended
31 March 2021 and 2020

KPMG

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Independent Auditors' Report

To the Shareholders of Jubilant Pharma Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Jubilant Pharma Limited and its subsidiaries including partnerships ("the Group"), which comprise the consolidated statement of financial position as at 31 March 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board.

Basis for Opinion

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

Key Audit Matters

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

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Impairment of goodwill

See Note 2.8(ii), 2.9 and 4 (1) to the consolidated financial statements.

The key audit matter

As at 31 March 2021, the goodwill is carried at USD 169.62 million which represents 24% of the total non-current assets.

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

How the matter was addressed in our audit

Our audit procedures in this area included, among others:

- determined the appropriateness of allocation of goodwill to the CGU
- tested the design and implementation of the Group's controls in determining the carrying amount and the recoverable amount of the CGU to which the goodwill is allocated;
- involved our valuation specialists to assist in evaluating the inputs and methodologies used to estimate the recoverable amount;
- evaluated the appropriateness of the assumptions applied to key inputs such as revenue projections, discount rate and terminal growth rates based on our knowledge of the Group and the industry with the assistance of our valuation specialists;
- examined the causes of differences between past cash flow projections and actual cash flows;
- performed sensitivity analysis of the key assumptions used to determine which changes to assumptions would change the outcome of impairment assessment;
- compared the recoverable amount of the CGU to the carrying amount to determine impairment loss, if any; and
- assessed the adequacy of related disclosures in the consolidated financial statements on the assumptions underlying the impairment assessment performed by the Group.

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Impairment of intangible asset under development

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

The key audit matter

As at 31 March 2021, the intangible assets under development is carried at USD 81.43 million which represents 11.6% of total non-current assets.

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

How the matter was addressed in our audit

Our audit procedures in this area included, among others:

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- 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.

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

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

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

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

KPMG Assurance and Consulting Services LLP

KPMG Assurance and Consulting Services LLP
Mumbai
04 June 2021

Consolidated Statements of Financial Position
As at 31 March 2021 and 2020

	Note	2021 USD	2020 USD
Non-current assets			
Property, plant and equipment	3	284,380,124	275,146,402
Goodwill	4	169,619,529	160,044,663
Other intangible assets	4	110,526,948	102,771,955
Right-of-use assets	33	31,385,008	22,000,198
Equity accounted investee	5(a)	27,101,542	–
Other investments	5(b)	422,594	–
Other financial assets	6	45,687,437	44,064,915
Income tax assets		72,633	1,225,622
Deferred tax assets (net)	13	24,905,493	29,291,555
Other non-current assets	7	5,114,313	5,018,310
Total non-current assets		**699,215,621**	**639,563,620**
Current assets			
Inventories	8	154,223,965	147,182,493
Trade receivables	9	105,396,748	116,049,995
Other financial assets	6	36,877,033	9,843,341
Income tax assets		3,198,835	12,827
Other current assets	7	28,078,824	25,134,245
Cash and cash equivalents	10	55,088,585	138,325,966
Total current assets		**382,863,990**	**436,548,867**
Total assets		**1,082,079,611**	**1,076,112,487**
Equity			
Equity share capital		326,758,994	326,758,994
Merger reserve		(80,838,832)	(80,838,832)
Retained earnings		350,551,464	281,607,162
Foreign currency translation reserve		(47,540,595)	(86,074,016)
Other components of equity		(12,691,993)	(11,889,928)
Total equity attributable to owners of the Company		**536,239,038**	**429,563,380**

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

Consolidated Statements of Financial Position (cont'd)
As at 31 March 2021 and 2020

	Note	2021 USD	2020 USD
Non-current liabilities			
Loans and borrowings	11(a)	347,858,555	396,686,285
Lease liabilities		24,734,010	14,845,110
Employee benefits		4,450,490	4,055,982
Deferred tax liabilities (net)	13	28,558,008	28,946,524
Provisions	14	5,577,729	5,034,380
Other non-current liabilities	15	3,695,981	1,095,657
Total non-current liabilities		**414,874,773**	**450,663,938**
Current liabilities			
Loans and borrowings	11(b)	2,735,747	44,208,228
Lease liabilities		6,393,098	5,769,408
Employee benefits		27,589,832	26,380,106
Trade payables	16	69,567,478	68,695,898
Other financial liabilities	12	3,031,590	24,848,675
Income tax liabilities		4,984,164	12,114,819
Provisions	14	4,164,591	4,567,674
Other current liabilities	15	12,499,300	9,300,361
Total current liabilities		**130,965,800**	**195,885,169**
Total liabilities		**545,840,573**	**646,549,107**
Total equity and liabilities		**1,082,079,611**	**1,076,112,487**

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

Consolidated Statements of Profit or Loss and Other Comprehensive Income
For the years ended 31 March 2021 and 2020

	Note	2021 USD	2020 USD
Revenue from operations	17	781,638,694	803,299,680
Other income	18	539,328	2,912,557
Total income		**782,178,022**	**806,212,237**
Cost of materials consumed		(181,725,330)	(202,925,963)
Purchases of stock-in-trade		(22,890,717)	(20,803,260)
Changes in inventories of finished goods, stock-in-trade and work-in-progress		(2,634,928)	19,334,938
Employee benefits expense	19	(238,971,093)	(238,815,885)
Depreciation, amortisation and impairment	3,4,33	(47,955,443)	(47,901,495)
Other expenses	20	(158,549,644)	(152,258,472)
Finance income	21	3,379,312	5,836,686
Finance costs	22	(27,372,825)	(31,066,933)
Profit before share of profit of equity accounted investee		**105,457,354**	**137,611,853**
Share of profit of equity accounted investee, net of tax	5(a)	1,550,898	–
Profit before tax		**107,008,252**	**137,611,853**
Income tax expense	23	(38,063,950)	(45,858,747)
Profit for the year		**68,944,302**	**91,753,106**
Other comprehensive income/(loss)			
Items that will be reclassified to profit or loss			
Exchange differences on translation of foreign operations		37,011,004	(35,128,365)
Income tax relating to items that will be reclassified to profit or loss		1,522,417	(1,714,930)
Items that will not be reclassified to profit or loss			
Changes in fair value of equity investments which are classified at fair value through other comprehensive income		(835,160)	–
Remeasurement of defined benefit obligations	25	50,871	(279,955)
Income tax relating to items that will not be reclassified to profit or loss		(17,776)	97,828
Other comprehensive income for the year, net of tax		**37,731,356**	**(37,025,422)**
Total comprehensive income for the year		**106,675,658**	**54,727,684**

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

Consolidated Statements of Changes in Equity
For the years ended 31 March 2021 and 2020

	‹---- Attributable to owners of the Company ----›							
	Equity share capital ** USD	**Merger reserve # USD**	**Other capital reserve ## USD**	**Fair value reserve @**	**Remeasurement of defined benefit obligations @@ USD**	**Foreign currency translation reserve ^ USD**	**Retained earnings USD**	**Total equity USD**
As at 1 April 2019	326,758,994	(68,787,724)	(11,441,561)	–	(384,961)	(49,230,721)	211,093,389	408,007,416
Total comprehensive (loss)/income for the year								
Profit for the year	–	–	–	–	–	–	91,753,106	91,753,106
Other comprehensive (loss)/income for the year, net of tax	–	–	–	–	(182,127)	(36,843,295)	–	(37,025,422)
Total comprehensive (loss)/income for the year	–	–	–	–	(182,127)	(36,843,295)	91,753,106	54,727,684
Transactions with equity holders								
Dividend distribution to shareholders*	–	–	–	–	–	–	(21,239,333)	(21,239,333)
Acquisition of business in a common control transaction, net of tax (refer note 24)	–	(12,051,108)	–	–	–	–	–	(12,051,108)
Others	–	–	118,721	–	–	–	–	118,721
Total transactions with equity holders	–	(12,051,108)	118,721	–	–	–	(21,239,333)	(33,171,720)
As at 31 March 2020	326,758,994	(80,838,832)	(11,322,840)	–	(567,088)	(86,074,016)	281,607,162	429,563,380
As at 1 April 2020	326,758,994	(80,838,832)	(11,322,840)	–	(567,088)	(86,074,016)	281,607,162	429,563,380
Total comprehensive (loss)/income for the year								
Profit for the year	–	–	–	–	–	–	68,944,302	68,944,302
Other comprehensive (loss)/income for the year, net of tax	–	–	–	(835,160)	33,095	38,533,421	–	37,731,356
Total comprehensive (loss)/income for the year	–	–	–	(835,160)	33,095	38,533,421	68,944,302	106,675,658
As at 31 March 2021	326,758,994	(82,010,216)	(11,322,840)	(835,160)	(533,993)	(47,540,595)	350,551,464	536,239,038

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

** No. of shares as at 31 March 2021 and 31 March 2020 is 326,758,994. There is no change in the number of shares during the respective years. All issued ordinary shares are fully paid. There is no par value for these ordinary shares. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at general meetings of the Company.

Represents difference between the consideration and carrying amount of net assets/liabilities for transactions among entities under common control to transfer out/in of any business or shares of entities under common control.

Primarily represents effect of transactions with shareholders (other than those accounted for in merger reserve).

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

@@ Remeasurement of defined benefit obligations comprises actuarial gains and losses.

^ Exchange differences arising on translation of foreign operations and exchange differences relating to intercompany balances forming part of net investment in foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within the equity. The related cumulative amount is reclassified to profit or loss when the Group dispose or partially dispose off its interest in a foreign operation through sale, liquidation, repayment of share capital or abandonment of all, or part of, that entity.

* The board of directors of the Company at its meetings held on 22 July 2019 and 25 February 2020 declared interim dividends amounting to USD 10,456,286 (USD 0.032 per equity share) and USD 10,783,047 (USD 0.033 per equity share) to the shareholder of the Company.

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

Consolidated Statements of Cash Flows
For the years ended 31 March 2021 and 2020

	2021 USD	2020 USD
Cash flows from operating activities		
Profit before tax	107,008,252	137,611,853
Adjustments for:		
Depreciation, amortisation and impairment	47,955,443	47,901,495
Unrealised foreign exchange loss/(gain), net	2,358,191	(1,532,616)
Finance income	(3,379,312)	(5,836,686)
Finance costs	27,372,825	31,066,933
Loss on disposal of property, plant and equipment (net)	828,262	1,468,853
Share of profit of equity accounted investee, net of tax	(1,550,898)	–
Operating cash flow before working capital changes	180,592,763	210,679,832
Decrease in trade accounts receivable	10,648,250	327,334
Increase in other assets including other financial assets	(1,718,957)	(2,262,459)
Increase in inventories	(3,135,919)	(27,999,894)
(Decrease)/increase in trade payables	(50,354)	4,977,208
Increase in other liabilities including other financial liabilities	5,279,037	11,795,759
Cash generated from operations	191,614,820	197,517,780
Income taxes paid (net of refund)	(43,332,744)	(30,303,014)
Net cash generated from operating activities	148,282,076	167,214,766
Cash flows from investing activities		
Acquisition of property, plant and equipment and other intangible assets	(41,079,793)	(48,748,310)
Proceeds from disposal of property, plant and equipment	1,268,473	810,820
Acquisition of investments (refer note 5)	(26,809,251)	–
Acquisition of business (refer note 24)	(16,954,743)	–
Loans given to related party	(4,000,000)	–
Interest received	3,644,673	6,036,308
Change in bank deposits with original maturity of more than three months	(22,203,862)	49,293,452
Net cash (used in)/generated from investing activities	(106,134,503)	7,392,270

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

Consolidated Statements of Cash Flows (cont'd)
For the years ended 31 March 2021 and 2020

	2021 USD	2020 USD
Cash flows from financing activities		
Proceeds from long-term loans and borrowings ^	149,579,807	31,002,896
Repayments of long term loans and borrowings *	(231,002,896)	(100,000,000)
Payment of lease liabilities	(6,764,544)	(5,838,129)
(Repayments of)/proceeds from short term loans repayable on demand, net	(10,764,695)	5,484,500
Dividend paid	–	(21,239,333)
Finance costs paid	(30,676,392)	(32,109,254)
Net cash used in financing activities	(129,628,720)	(122,699,320)
Net (decrease)/increase in cash and cash equivalents	(87,481,147)	51,907,716
Effect of exchange rate changes	4,243,766	(3,870,998)
Cash and cash equivalents at the beginning of the year	138,325,966	90,289,248
Cash and cash equivalents at the end of the year (refer note 10)	55,088,585	138,325,966

^ Includes proceeds from revolver credit facility of Jubilant HollisterStier LLC amounting to USD 31,002,896 presented on net basis during the year ended 31 March 2020.

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

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 4 June 2021.

1 Corporate information

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

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

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

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

S. No.	Name of the entity	Country of incorporation	Name of the parent company/ investor	Date of incorporation/ acquisition by the Group
Subsidiaries				
1	Jubilant HollisterStier LLC ^	Unites States of America (USA)	Jubilant Pharma Holdings Inc. (HSL Holdings Inc. up to 31 March 2020)	31 May 2007
2	Jubilant DraxImage Inc. ^	Canada	Jubilant Pharma Limited	28 May 2008
3	HSL Holdings Inc. (merged with Jubilant Pharma Holdings Inc. w.e.f. 31 March 2020) @	USA	Jubilant Pharma Holdings Inc.	16 May 2007
4	Jubilant Clinsys Inc. ^	USA	Jubilant Pharma Holdings Inc.	4 October 2005
5	Draximage Limited, Cyprus (liquidated w.e.f. 19 November 2020) $	Cyprus	Jubilant Pharma Limited	12 September 2008

S. No.	Name of the entity	Country of incorporation	Name of the parent company/ investor	Date of incorporation/ acquisition by the Group
Subsidiaries				
6	Draximage Limited, Ireland [$] (filed for liquidation)	Ireland	Jubilant Pharma Limited	20 October 2008
7	Jubilant DraxImage (USA) Inc. [^]	USA	Jubilant Pharma Holdings Inc. (Jubilant Pharma Limited up to 1 July 2019)	4 November 2008
8	6981364 Canada Inc. [@]	Canada	Jubilant DraxImage Inc.	28 May 2008
9	Draximage (UK) Limited [^]	United Kingdom (UK)	Jubilant DraxImage Inc.	28 May 2008
10	Jubilant DraxImage Limited [^]	India	Jubilant Pharma Limited	9 September 2009
11	Jubilant HollisterStier Inc. [@]	USA	Jubilant Pharma Holdings Inc. (HSL Holdings Inc. up to 31 March 2020)	1 October 2009
12	Draxis Pharma LLC [@]	USA	Jubilant HollisterStier Inc.	1 October 2009
13	Jubilant Pharma Holdings Inc. [^]	USA	Jubilant Pharma Limited holds 84.71% (84.48% up to 1 July 2019) Jubilant Generics Limited holds 15.29% (15.52% up to 1 July 2019)	12 September 2005
14	Jubilant Cadista Pharmaceuticals Inc. [^]	USA	Jubilant Pharma Holdings Inc. (Cadista Holdings Inc. up to 31 March 2020)	1 July 2005
15	Cadista Holdings Inc. (merged with Jubilant Pharma Holdings Inc. w.e.f. 31 March 2020) [@]	USA	Jubilant Pharma Holdings Inc.	1 July 2005
16	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
Subsidiaries				
17	Jubilant Pharma NV @	Belgium	Jubilant Generics Limited holds 77.65% Jubilant Pharma Limited holds 22.35%	20 June 2014
18	Jubilant Pharmaceuticals NV ^	Belgium	Jubilant Pharma N.V. holds 99.81% Jubilant Pharma Limited holds 0.19%	20 June 2014
19	PSI Supply NV ^	Belgium	Jubilant Pharma N.V. holds 99.50% Jubilant Pharma Limited holds 0.50%	20 June 2014
20	Jubilant Pharma Australia Pty Limited ^	Australia	Jubilant Pharma Limited	11 August 2016
21	Jubilant Draximage Radiopharmacies Inc. ^	USA	Jubilant Pharma Holdings Inc.	8 March 2017
22	Jubilant Pharma SA (Pty) Ltd. ^	South Africa	Jubilant Pharma Limited	14 February 2019
23	Jubilant Pharma UK Limited ^	UK	Jubilant Pharma Limited	17 April 2019
Partnerships				
24	Jubilant HollisterStier General Partnership ^	Canada	Jubilant HollisterStier Inc. holds 99.99% Draxis Pharma LLC holds 0.01%	28 May 2008
25	Draximage General Partnership ^	Canada	Jubilant DraxImage Inc. holds 90% 6981364 Canada Inc. holds 10%	28 May 2008

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

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

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

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

2 Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied by the Group entities to all the years presented.

2.1 Basis of preparation

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

(ii) Historical cost convention

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

2.2 Principles of consolidation

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

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

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

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

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

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

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company. When the end of the reporting period of the Parent Company is different from that of a member of the Group, the member prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the Parent Company to enable the Parent Company to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

2.3 Consolidation procedure

(a) 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 the accounting for any related goodwill (refer note 2.7).

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

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

2.4 Equity accounted investee

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

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

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

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

2.5 Current versus non-current classification

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

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

The Group classifies all other assets as non-current.

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

The Group classifies all other liabilities as non-current.

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

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

2.6 Measurement of fair values

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

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

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

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

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

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

2.7 Business combination

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

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured subsequently and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in Consolidated Statements of Profit or Loss and Other Comprehensive Income.

The excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in Consolidated Statements of Profit and loss and Other Comprehensive Income as a gain on bargain purchase.

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

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

(i) Property, plant and equipment

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

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

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

(ii) Intangible assets

- *Goodwill*

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

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

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

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

  - Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Consolidated Statements of Profit or Loss and Other Comprehensive Income as incurred.

  - Development expenditure including regulatory cost and legal expenses leading to product registration/market authorisation relating to the new and/or improved product and/or process development is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and directly attributable finance costs (in the same manner as in the case of tangible fixed assets). Other development expenditure is recognised in the Consolidated Statements of Profit or Loss and Other Comprehensive Income as incurred.

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

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

Property, plant and equipment are stated at cost less accumulated depreciation and amortisation. The Group depreciates property, plant and equipment over the estimated useful life using the straight-line method. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited or charged to Consolidated Statements of Profit and Loss and Other Comprehensive Income. Freehold land is not depreciated.

The estimated useful lives of assets are as follows:

Buildings - factory and others	30-60 years
Plant and equipment	1-20 years
Office equipment	3-15 years
Furniture and fixtures	3-15 years
Vehicles - owned	3-5 years

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

Intangible assets are amortised over their estimated useful lives using the straight-line method.

The estimated useful lives of intangibles are as follows:

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

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

(iv) Derecognition

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

2.9 Impairment of non-financial assets

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

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

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

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

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

2.10 Financial instruments

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

(i) Financial assets

Initial recognition and measurement

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:
- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

Debt instruments at amortised cost

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

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

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

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

Debt instrument at FVOCI

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

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

(b) The asset’s contractual cash flows represent SPPI on the principal amount outstanding.

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

Equity investments

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

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

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

Impairment of financial assets

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

Derecognition of financial assets

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

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

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

(ii) Financial liabilities

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

Derecognition of financial liabilities

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

Offsetting

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

2.11 Inventories

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

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

Raw materials	Weighted average method
Stores and spares	Weighted average method
Work-in-progress and finished goods (manufactured)	Direct materials, direct labour and an appropriate proportion of variable and fixed production overheads, the latter being allocated on the basis of normal operating capacity
Fuel, consumables, packing material etc.	Weighted average method
Finished goods (traded)	Weighted average method
Goods in transit	Cost of purchase

Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

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

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

2.12 Cash and cash equivalents

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

2.13 Provisions

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

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

Decommissioning provisions

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

2.14 Revenue recognition

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

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

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

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

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

2.15 Employee benefits

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

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

(a) Gratuity

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

(b) Provident fund

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

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

(ii) Group's contribution to the provident fund is charged to Consolidated Statements of Profit or Loss and Other Comprehensive Income.

(c) The Group make contribution to various social security plans and insurance schemes as per local requirements and generally accepted practices in their respective country of incorporation. Such contributions are charged to Consolidated Statements of Profit or Loss and Other Comprehensive Income on accrual basis in the year in which liability to pay arise.

(iii) *Other long-term employee benefits*

Compensated absences

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

(iv) *Termination benefits*

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

(v) *Actuarial valuation*

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

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

Past service cost is recognised as an expense in the Consolidated Statements of Profit or Loss and Other Comprehensive Income on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to, a defined benefit plan, the past service cost is recognised immediately in the Consolidated Statements of Profit or Loss and Other Comprehensive Income. Past service cost may be either positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).

2.16 Finance costs and finance income

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

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

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

2.17 Income tax

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

- *Current tax:*

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

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

- *Deferred tax:*

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

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

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

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

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

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

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

2.18 Leases – *Group as a lessee*

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

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

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

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

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

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

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

Transition to IFRS 16

Effective 1 April 2019, the Group applied IFRS 16 "Leases" to all lease contracts existing on 1 April 2019 using the modified retrospective approach on the date of initial application. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right-of-use asset an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Consolidated Statements of Financial Position immediately before the date of initial application.

On transition, the adoption of new standard resulted in recognition of right-of-use assets of USD 22,785,727 and lease liabilities of USD 19,951,193 with no material impact on the equity. On application of IFRS 16, the nature of expenses changed from lease rent in previous periods to depreciation expense for the right-to-use asset and finance cost for interest accrued on lease liability. The effect of this adoption was insignificant on the profit for the previous year.

For transition, the Group elected not to apply the requirements of IFRS 16 to leases which were expiring within 12 months from the date of transition on a lease-by-lease basis. The Group also used practical expedient and therefore, did not reassess, under IFRS 16, whether a contract is, or contains, a lease at the date of initial application. Further, as a practical expedient, on a lease-by-lease basis, the Group relied on its assessment as at 31 March 2019 as to whether leases are onerous applying IAS 37, Provisions, Contingent Liabilities and Contingent Assets, as an alternative to performing an impairment review. The Group used a single discount rate to a portfolio of leases with similar characteristics. For leases that were classified as finance leases applying IAS 17, the carrying amount of the right-of-use asset and the lease liability at the date of initial application was the carrying amount of the lease asset and lease liability immediately before that date measured applying IAS 17. For those leases, the Group accounted for the right-of-use asset and the lease liability applying IFRS 16 from the date of initial application.

2.19 Segment reporting

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

2.20 Foreign currency translation

(i) *Functional and presentation currency*

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

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at reporting date exchange rates are generally recognised in Consolidated Statements of Profit or Loss and Other Comprehensive Income.

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

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

(iii) *Group companies*

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

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

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold, the associated cumulative exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

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

2.21 Government grants

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

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

2.22 Critical estimates and judgements

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

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

- Impairment of non-financial assets – Note 2.9 and 4
- Assessment of useful life of property, plant and equipment and intangible asset – Note 2.8(iii)
- Valuation of inventories – Note 8
- Recognition of revenue and related accruals – Note 2.14
- Lease term: whether the Group is reasonably certain to exercise extension options – Note 2.18
- Inter-company balances forming part of net investment in a foreign operation – Note 2.20(iii)

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

2.23 Recent accounting pronouncements

Standards issued but not adopted

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

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform - Phase 2

In August 2020, IASB published Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) with amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The changes relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting. This amendment is effective for annual reporting period beginning on or after 1 January 2021, although early adoption is permitted. The Group does not expect the amendment to have any significant impact on its consolidated financial statements.

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

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

IAS 37 – Onerous Contracts - Cost of Fulfilling a Contract

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

IFRS 3 – Business Combinations - Reference to the Conceptual Framework

In May 2020, IASB published Reference to Conceptual Framework, that update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework; add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. These changes do not significantly change the requirements of IFRS 3. This amendment is effective for annual reporting period beginning on or after 1 January 2022, although early adoption is permitted. The Group does not expect the amendment to have any significant impact on its consolidated financial statements.

IFRS 9 – Annual Improvements to IFRS Standards - 2018-2020

In May 2020, IASB amended IFRS 9 as part of its Annual Improvements to IFRS Standards 2018-2020. The amendment clarifies which fees an entity includes when it applies the ‘10 percent’ test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. This amendment is effective for annual reporting period beginning on or after 1 January 2022, although early adoption is permitted. The Group does not expect the amendment to have any significant impact on its recognition of its consolidated financial statements.

IFRS 16 – Annual Improvements to IFRS Standards - 2018-2020

In May 2020, IASB issued an amendment to Illustrative Example 13 accompanying IFRS 16, as part of its Annual Improvements to IFRS Standards - 2018-2020, which removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example. The amendment is only as regards the Illustrated Example, therefore, no effective date is stated. The Group does not expect the amendment to have any significant impact on its consolidated financial statements.

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

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

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

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

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

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

3 Property, plant and equipment

(Amounts in USD)

	Land-freehold	**Buildings-factory**	**Buildings-others**	**Furniture and fixtures**	**Plant and equipment**	**Office equipment**	**Vehicles-owned**	**Vehicles-leased**	**Capital work-in-progress**	**Total**
Gross carrying amount as at 1 April 2019	6,647,533	115,456,392	3,248,890	13,442,068	302,486,896	14,272,125	119,638	5,655,101	27,532,251	488,860,894
Additions	–	2,751,722	940,774	3,292,330	21,829,939	1,576,615	18,184	–	29,925,153	60,334,717
Deductions	–	–	(51,767)	(23,494)	(4,722,423)	(68,143)	(3,811)	–	(29,758,010)	(34,627,648)
Reclassified on account of adoption of IFRS 16	–	–	–	–	–	–	–	(5,655,101)	–	(5,655,101)
Foreign currency translation adjustment	(268,441)	(3,109,355)	(360,574)	(573,933)	(14,963,591)	(540,153)	(12,358)	–	(810,095)	(20,638,500)
Gross carrying amount as at 31 March 2020	6,379,092	115,098,759	3,777,323	16,136,971	304,630,821	15,240,444	121,653	–	26,889,299	488,274,362
Accumulated depreciation as at 1 April 2019	–	37,071,364	469,120	7,672,463	146,393,468	9,623,307	98,400	3,312,912	–	204,641,034
Depreciation charge for the year	–	4,054,630	184,398	1,508,343	16,770,547	1,449,367	6,447	–	–	23,973,732
Deductions	–	–	(6,858)	(20,865)	(3,031,257)	(41,619)	(500)	–	–	(3,101,099)
Reclassified on account of adoption of IFRS 16	–	–	–	–	–	–	–	(3,312,912)	–	(3,312,912)
Foreign currency translation adjustment	–	(1,020,846)	(73,467)	(331,671)	(7,302,335)	(334,489)	(9,987)	–	–	(9,072,795)
Accumulated depreciation as at 31 March 2020	–	40,105,148	573,193	8,828,270	152,830,423	10,696,566	94,360	–	–	213,127,960
Net carrying amount as at 31 March 2020	6,379,092	74,993,611	3,204,130	7,308,701	151,800,398	4,543,878	27,293	–	26,889,299	275,146,402

(Amounts in USD)

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

Note: Property, plant and equipment includes finance cost capitalised on general borrowings with a capitalisation rate of 5.82% and 8.38% during the years ended 31 March 2021 and 31 March 2020, respectively:

	2021 USD	**2020 USD**
Finance costs capitalised	53,506	111,281

4 Intangible assets

(Amounts in USD)

	Other intangible assets						
	Internally generated product registration/ market authorisation	**Acquired product registration/ market authorisation**	**Acquired patent, trademarks/ trade names and customer contracts**	**Software**	**Intangible assets under development [note (a)]**	**Total other intangible assets**	**Goodwill**
Gross carrying amount as at 1 April 2019	109,653,990	29,516,827	16,764,297	20,122,147	64,283,547	240,340,808	164,512,897
Additions	1,868,488	–	–	1,377,191	16,125,922	19,371,601	–
Deductions [(2)]	(510,251)	–	–	(212)	(5,021,906)	(5,532,369)	–
Foreign currency translation adjustments	(6,328,421)	(1,669,103)	(421,583)	(683,403)	(5,829,456)	(14,931,966)	(4,468,234)
Gross carrying amount as at 31 March 2020	104,683,806	27,847,724	16,342,714	20,815,723	69,558,107	239,248,074	160,044,663
Accumulated amortisation as at 1 April 2019	67,714,312	29,516,827	15,897,970	15,687,816	–	128,816,925	–
Amortisation for the year	13,164,575	–	86,462	1,536,864	–	14,787,901	–
Deductions	(345,023)	–	–	(212)	–	(345,235)	–
Foreign currency translation adjustments	(4,184,402)	(1,669,103)	(421,583)	(508,384)	–	(6,783,472)	–
Accumulated amortisation as at 31 March 2020	76,349,462	27,847,724	15,562,849	16,716,084	–	136,476,119	–
Net carrying amount as at 31 March 2020	28,334,344	–	779,865	4,099,639	69,558,107	102,771,955	160,044,663
Gross carrying amount as at 1 April 2020	104,683,806	27,847,724	16,342,714	20,815,723	69,558,107	239,248,074	160,044,663
Additions	2,535,662	–	–	1,244,382	13,670,441	17,450,485	–
Deductions [(2)]	–	–	–	–	(7,268,036)	(7,268,036)	–
Foreign currency translation adjustments	7,551,615	3,538,903	911,411	898,753	5,472,815	18,373,497	9,574,866
Gross carrying amount as at 31 March 2021	114,771,083	31,386,627	17,254,125	22,958,858	81,433,327	267,804,020	169,619,529
Accumulated amortisation as at 1 April 2020	76,349,462	27,847,724	15,562,849	16,716,084	–	136,476,119	–
Amortisation for the year	9,089,604	–	86,462	1,620,212	–	10,796,278	–
Deductions	–	–	–	–	–	–	–
Foreign currency translation adjustments	4,746,984	3,538,903	911,411	807,377	–	10,004,675	–
Accumulated amortisation as at 31 March 2021	90,186,050	31,386,627	16,560,722	19,143,673	–	157,277,072	–
Net carrying amount as at 31 March 2021	24,585,033	–	693,403	3,815,185	81,433,327	110,526,948	169,619,529

Note (a): Include finance cost capitalised on general borrowings with a capitalisation rate of 5.82% and 8.38% during the years ended 31 March 2021 and 31 March 2020, respectively:

	2021 USD	**2020 USD**
Finance costs capitalised	959,724	579,820

(1) Impairment testing of goodwill

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

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

	2021 USD	2020 USD
Allergy Therapy	14,149,899	14,149,899
Radiopharmaceutical	65,459,236	59,179,567
Generics	20,259,986	19,534,802
Contract Manufacturing Operation	69,750,408	67,180,395
Total goodwill	169,619,529	160,044,663

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

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

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

(b) The terminal growth rate represents management view on the future long-term growth rate.

	2021	2020
Allergy Therapy	2%	2%
Radiopharmaceutical	2%	2%
Generics	0%-2%	0%-2%
Contract Manufacturing Operation	2%	2%

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

	2021	2020
Allergy Therapy	8%	7%
Radiopharmaceutical	7%-9%	7%-8%
Generics	8%-12%	8%-14%
Contract Manufacturing Operation	8%-10%	8%-10%

(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 driven by withdrawal of product filing, uneconomic pricing market conditions, technical and financial assessment, USD 3,487,992 and USD 4,292,832 have been charged off in Generics segment during the years ended 31 March 2021 and 31 March 2020, respectively and included under amortisation expense for the year/deductions to gross carrying amount of intangible assets under development and under depreciation, amortisation and impairment in the Consolidated Statements of Profit or Loss. The estimate of value in use was determined using a discount rate of 7% to 12% and 7% to 14% during the years ended 31 March 2021 and 31 March 2020, respectively.

5 (a) Equity accounted investee

Associate

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

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

	2021 USD
Non-current assets	93,476,145
Current assets	48,339,307
Non-current liabilities	(25,574,820)
Current liabilities	(19,408,179)
Total equity	96,832,453
Non-controlling interests	(4,542,174)
Equity attributable to owners of Sofie	92,290,279
Group's share of net assets (25%)	23,072,570
Goodwill	4,028,972
Carrying amount of interest in associate	27,101,542

	2021 USD
Revenue	45,729,463
Profit from continuing operations	11,291,468
Post-tax profit from discontinued operations	–
Other comprehensive income	–
Total comprehensive income	11,291,468

(b) Other investments

	2021 USD	**2020 USD**
Investment in equity instruments measured at FVOCI		
Shares of capital stock		
Navidea Biopharmaceuticals, Inc.*	422,594	–
Investment in debt instruments		
Convertible note and warrants		
Muroplex Therapeutics, Inc.**	–	–
	422,594	–

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

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

6 Other financial assets

	2021 USD	2020 USD
Non-current		
Loan to related party (refer note 30)	44,453,563	42,952,488
Deposits with maturity after 12 months from the reporting date *	171,471	1,284
Others	1,062,403	1,111,143
Total non-current other financial assets	45,687,437	44,064,915
Current		
Advances recoverable from related parties (refer note 30)	576,220	1,389,878
Loan to related party (refer note 30)	4,000,000	–
Deposits with maturity up to 12 months from the reporting date *	22,776,977	717,506
Unbilled receivables	6,519,526	5,093,873
Insurance claim recoverable	1,996,374	1,478,336
Interest receivable	309,102	327,023
Others	698,834	836,725
Total current other financial assets	36,877,033	9,843,341
Total other financial assets	82,564,470	53,908,256

* USD 941,356 and USD 718,790 as at 31 March 2021 and 31 March 2020, respectively have restricted use.

Non-current loan to related party is unsecured, interest bearing at 5.5% per annum and is repayable on 5 October 2026.

Current loan to related party is unsecured, interest bearing at 3.5% per annum and is repayable on demand.

7 Other assets

	2021 USD	2020 USD
Non-current		
Advances for capital expenditures	5,114,313	5,018,310
Total other non-current assets	5,114,313	5,018,310
Current		
Prepaid expenses	10,376,933	7,860,527
Advance for supply of goods and services	1,759,020	1,592,218
Recoverable from government authorities	11,160,980	13,850,959
Government grants recoverable	4,519,623	1,057,265
Others	262,268	773,276
Total other current assets	28,078,824	25,134,245
Total other assets	33,193,137	30,152,555

8 Inventories

	2021 USD	2020 USD
Raw materials	36,428,534	30,173,407
Work-in-progress	47,305,235	45,504,607
Finished goods	33,721,000	39,449,218
Stock-in-trade	3,967,271	2,052,799
Stores and spares	18,306,602	14,887,965
Packing material	14,338,442	14,996,766
Others- process chemicals and fuels	156,881	117,731
Total inventories	154,223,965	147,182,493

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

	2021 USD	2020 USD
Inventories written down*	12,367,680	11,288,832

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

Cost of inventories (including cost of purchased products) recognised as an expense amounted to USD 446,659,958 and USD 442,284,328 for the years ended 31 March 2021 and 31 March 2020, respectively.

9 Trade receivables

	2021 USD	2020 USD
Current		
Trade receivables	108,084,100	118,214,238
Receivables from related parties (refer note 30)	280,386	249,321
Less: Loss allowance	(2,967,738)	(2,413,564)
Total trade receivables	105,396,748	116,049,995

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

10 Cash and cash equivalents

	2021 USD	2020 USD
Balances with banks		
- in current accounts	54,761,958	91,585,183
- in deposit accounts with original maturity of three months or less	–	46,735,343
Cash on hand	8,175	5,111
Others		
- Funds in transit	318,452	329
Total cash and cash equivalents	55,088,585	138,325,966

11 Loans and borrowings

(a) Non-current

	2021 USD	2020 USD
Senior Notes at amortised cost	200,000,000	400,000,000
Term loans at amortised cost	150,000,000	–
Debt initiation cost	(2,141,445)	(3,313,715)
Total non-current loans and borrowings	347,858,555	396,686,285

(b) Current

	2021 USD	2020 USD
Current maturities of non-current loans and borrowings	–	31,002,896
Short term loans repayable on demand (secured)	2,735,747	13,205,332
Total current loans and borrowings	2,735,747	44,208,228

Terms and debt repayment schedule

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

Nature of loan and borrowings	Maturity pattern	2021 Interest rate %	2021 Face Value USD	2021 Carrying amount USD	2020 Interest rate %	2020 Face value USD	2020 Carrying amount USD
Senior Notes 2024 @	Repayable in 2024	6%	200,000,000	198,246,342	6%	200,000,000	197,715,676
Senior Notes 2021 @@	Repayable in 2021	–	–	–	4.875%	200,000,000	198,970,609
Term loan #	6 equal quarterly instalments beginning October 2022	LIBOR plus 2.60%	150,000,000	149,612,213	–	–	–
Revolver credit facility * (secured)	Maturing on 1 July 2021	–	–	–	LIBOR plus 1.00%	31,002,896	31,002,896
Total			350,000,000	347,858,555		431,002,896	427,689,181
Less: Current maturities of non-current loans and borrowings (included in current loans and borrowings)			–	–		(31,002,896)	(31,002,896)
Non-current borrowings			350,000,000	347,858,555		400,000,000	396,686,285

@ During the year ended 31 March 2019, the Group issued unsecured 6% Senior Notes amounting to USD 200,000,000, repayable in single instalment in March 2024, with a prepayment option. The terms of the offering memorandum contain certain restrictive covenants, mainly the requirements to maintain certain financial ratios. The Group was in compliance of such covenants as at 31 March 2021 and 31 March 2020.

@@ During the year ended 31 March 2017, the Group issued unsecured 4.875% Senior Notes amounting to USD 300,000,000, repayable in single instalment in October 2021, with a prepayment option. During the years ended 31 March 2021 and 31 March 2020, the Company has early redeemed USD 200,000,000 and USD 100,000,000, respectively in aggregate principal amount of these Senior Notes on a pro-rata basis together with accrued interest and redemption premium, and has cancelled equivalent amount of Senior Notes upon redemption. Redemption of USD 200,000,000 Senior Notes during the current year is through refinancing of USD 150,000,000 and balance out of internal accruals. Premium of USD 2,437,500 and USD 2,437,500 and debt initiation costs of USD 456,910 and USD 635,803 on early redemption of Senior Notes has been included in finance costs for the years ended 31 March 2021 and 31 March 2020, respectively. 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 2020.

\# 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 2021.

* 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 2021 and 31 March 2020.

(c) Assets pledged as security

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

	2021 USD	**2020 USD**
Property, plant and equipment and intangible assets	95,465,980	98,564,306
Inventories	109,920,437	102,703,628
Financial assets	54,795,739	83,525,443
Other assets	1,622,577	1,453,476
	261,804,733	286,246,853

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

	As at 31 March 2019	Financing cash flows	Non-cash changes: New leases (including transition to IFRS 16)	Non-cash changes: Foreign currency translation adjustment	Non-cash changes: Amortisation of transaction costs	Non-cash changes: Finance costs expensed	Non-cash changes: Finance costs capitalised	As at 31 March 2020
	USD	USD	USD	USD	USD	USD	USD	USD
Senior Notes 2021	297,473,655	(100,000,000)	–	–	1,496,954	–	–	198,970,609
Senior Notes 2024	197,217,476	–	–	–	498,200	–	–	197,715,676
Revolver credit facility	–	31,002,896	–	–	–	–	–	31,002,896
Lease liabilities (2019: finance lease liabilities)	2,279,268	(5,838,129)	24,355,551	(182,172)	–	–	–	20,614,518
Short term loans repayable on demand	8,834,809	5,484,500	–	(1,113,977)	–	–	–	13,205,332
Interest accrued	7,954,627	(32,109,254)	–	(631)	(1,995,154)	31,066,933	691,101	5,607,622
Total	**513,759,835**	**(101,459,987)**	**24,355,551**	**(1,296,780)**	**–**	**31,066,933**	**691,101**	**467,116,653**

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

12 Other financial liabilities

	2021 USD	2020 USD
Current		
Interest accrued but not due on borrowings	1,550,207	5,607,622
Capital creditors	1,467,705	1,641,120
Business purchase consideration payable (refer note 24)	–	16,982,753
Others	13,678	617,180
Total other current financial liabilities	3,031,590	24,848,675

13 Deferred tax

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

Deferred tax assets:

	Research & Development and other tax credits USD	Tax losses carried forward USD	Accrued expenses USD	MAT Credit entitlement USD	Intangibles USD	Lease liabilities	Others USD	Total USD
As at 1 April 2019	33,886	26,501,912	11,929,077	15,962,606	–	–	3,999,961	58,427,442
(Charged)/Credited:								
- to profit and loss	5,102	(5,552,300)	1,253,531	1,306,573	–	5,048,607	1,720,233	3,781,746
- to other comprehensive income	–	–	97,828	–	–	–	(1,714,930)	(1,617,102)
- to merger reserve	–	–	–	–	6,473,099	–	–	6,473,099
- foreign currency translation reserve	–	(1,718,256)	(165,315)	(1,458,167)	(418,328)	(43,730)	(6,994)	(3,810,790)
As at 31 March 2020	38,988	19,231,356	13,115,121	15,811,012	6,054,771	5,004,877	3,998,270	63,254,395
(Charged)/Credited:								
- to profit and loss	(38,988)	(8,643,892)	477,124	5,296,530	(1,428,128)	3,080,667	234,760	(1,021,927)
- to other comprehensive income	–	–	(17,776)	–	–	–	1,522,417	1,504,641
- foreign currency translation reserve	–	611,839	62,214	601,679	206,877	21,848	4,167	1,508,624
As at 31 March 2021	–	11,199,303	13,636,683	21,709,221	4,833,520	8,107,392	5,759,614	65,245,733

Deferred tax liabilities:

	PPE, Intangibles and Right-of-use assets USD	Others USD	Total USD
As at 1 April 2019	55,409,645	643,742	56,053,387
Charged/(Credited):			
- to profit and loss	7,755,232	1,681,128	9,436,360
- to other comprehensive income	–	–	–
- foreign currency translation reserve	(2,446,233)	(134,150)	(2,580,383)
As at 31 March 2020	60,718,644	2,190,720	62,909,364
Charged/(Credited):			
- to profit and loss	5,404,401	(2,059,604)	3,344,797
- to other comprehensive income	–	–	–
- foreign currency translation reserve	2,485,819	158,268	2,644,087
As at 31 March 2021	68,608,864	289,384	68,898,248

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.

	2021 USD	2020 USD
Deferred tax assets	24,905,493	29,291,555
Deferred tax liabilities	(28,558,008)	(28,946,524)
Deferred tax (liabilities)/assets (net)	(3,652,515)	345,031

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

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

	2021 USD	**2020 USD**
Balance as at the commencement of the year	(345,031)	(2,374,055)
Tax expense during the year recognised in statement of profit or loss	4,366,724	5,654,614
Tax (benefit)/expense during the year recognised in other comprehensive income	(1,504,641)	1,617,102
Tax benefit during the year recognised in merger reserve (refer note 24)	–	(6,473,099)
Foreign currency translation adjustment	1,135,463	1,230,407
Balances as at the end of the year	3,652,515	(345,031)

(a) Tax losses

	2021 USD	**2020 USD**
Tax losses for which no deferred tax has been recognised	3,312,337	3,133,287

Tax losses of USD 33,401 and USD 78,637 as at 31 March 2021 and 31 March 2020 expire between 2023 and 2029. 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

	2021 USD	**2020 USD**
Undistributed earnings	684,984,498	537,855,837
Indexation benefit of investment in subsidiaries	3,284,082	2,548,954
Indexation benefit of freehold land	484,171	375,792

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

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

14 Provisions

	2021 USD	2020 USD
Non-current		
Decommissioning provisions	5,577,729	5,034,380
Total non-current provisions	5,577,729	5,034,380
Current		
Provision for sales return	4,164,591	4,567,674
Total current provisions	4,164,591	4,567,674
Total provisions	9,742,320	9,602,054

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

	2021 USD	2020 USD
Balance at beginning of year	5,034,380	2,186,758
Provisions made during the year	430,839	2,679,408
Unwinding of discount	175,723	168,214
Utilised during the year	(63,213)	–
Balance at end of year	5,577,729	5,034,380

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

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

	2021 USD	2020 USD
Balance at beginning of year	4,567,674	3,074,887
Provisions made during the year	2,903,375	4,082,485
Acquired through business combination (refer note 24)	–	115,384
Credits issued during the year	(3,313,122)	(2,705,082)
Effect of exchange rate changes	6,664	–
Balance at end of year	4,164,591	4,567,674

15 Other liabilities

	2021 USD	2020 USD
Non-current		
Contract liabilities	381,469	333,384
Statutory dues payables	2,660,405	–
Deferred income - government grant	654,107	762,273
Total other non-current liabilities	3,695,981	1,095,657
Current		
Contract liabilities	6,698,425	6,377,809
Statutory dues payables	5,694,588	2,841,909
Deferred income - government grant	106,287	80,643
Total other current liabilities	12,499,300	9,300,361
Total other liabilities	16,195,281	10,396,018

16 Trade payables

	2021 USD	2020 USD
Trade payables to related parties (refer note 30)	4,289,305	6,681,846
Other trade payables	65,278,173	62,014,052
Total trade payables	69,567,478	68,695,898

17 Revenue from operations

	2021 USD	2020 USD
Revenue from contracts with customers:		
- Sale of products	580,454,161	657,966,129
- Sale of services	183,281,400	126,658,087
Other operating revenue *	17,903,133	18,675,464
Total revenue from operations	781,638,694	803,299,680
* Includes government grant recognised	12,127,604	4,209,481

(A) Disaggregation of revenue

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

	2021				2020			
	Specialty Pharmaceuticals USD	Contract Development and Manufacturing Operations USD	Generics USD	Total USD	Specialty Pharmaceuticals USD	Contract Development and Manufacturing Operations USD	Generics USD	Total USD
Primary geographical markets								
North America	298,788,115	167,163,735	144,009,506	609,961,356	410,073,924	100,891,131	138,643,043	649,608,098
Europe	2,107,433	48,944,827	5,994,469	57,046,729	3,446,506	58,970,866	7,384,327	69,801,699
Asia	668,606	25,820,123	40,369,403	66,858,132	545,613	28,745,047	7,286,919	36,577,579
Rest of the world	2,347,194	21,219,731	6,302,419	29,869,344	2,114,891	22,647,116	3,874,833	28,636,840
Total	303,911,348	263,148,416	196,675,797	763,735,561	416,180,934	211,254,160	157,189,122	784,624,216
Major products/service lines								
Radiopharmaceuticals	251,464,603	–	–	251,464,603	358,506,164	–	–	358,506,164
Contract Manufacturing Operations	–	182,507,795	–	182,507,795	–	125,960,179	–	125,960,179
Allergy Therapy products	52,446,745	–	–	52,446,745	57,674,770	–	–	57,674,770
Solid Dosage Formulations	–	–	196,675,797	196,675,797	–	–	157,189,122	157,189,122
Active Pharmaceutical Ingredients	–	80,640,621	–	80,640,621	–	85,293,981	–	85,293,981
Total	303,911,348	263,148,416	196,675,797	763,735,561	416,180,934	211,254,160	157,189,122	784,624,216

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

	Specialty Pharmaceuticals USD	Contract Development and Manufacturing Operations USD	Generics USD	Total USD
2021				
Revenue from contracts with customers	303,911,348	263,148,416	196,675,797	763,735,561
Other operating revenue	7,073,558	8,202,051	2,627,524	17,903,133
Revenue from reportable segments	310,984,906	271,350,467	199,303,321	781,638,694
2020				
Revenue from contracts with customers	416,180,934	211,254,160	157,189,122	784,624,216
Other operating revenue	10,037,220	6,197,728	2,440,516	18,675,464
Revenue from reportable segments	426,218,154	217,451,888	159,629,638	803,299,680

(B) Contract balances

	2021 USD	2020 USD	1 April 2019 USD
Trade receivables	105,396,748	116,049,995	116,797,767
Unbilled receivables	6,519,526	5,093,873	8,130,963
Contract liabilities	7,079,894	6,711,193	5,246,931

The amount of USD 3,687,067 and USD 2,238,093 recognised in contract liabilities at the beginning of the year has been recognised as revenue for the years ended 31 March 2021 and 31 March 2020, respectively.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations, excluding those where original expected duration of one year or less, amounts to USD 2,475,300 and USD 4,935,185 as at 31 March 2021 and 31 March 2020, respectively, majority of which is expected to be recognised as revenue in the next two years.

18 Other income

	2021 USD	2020 USD
Foreign exchange gain, net	–	2,273,872
Others	539,328	638,685
Total other income	539,328	2,912,557

19 Employee benefits expense

	2021 USD	2020 USD
Salaries, wages, bonus, gratuity and allowances	199,456,441	198,196,709
Contribution to provident fund, superannuation and other funds	19,855,371	19,055,680
Staff welfare expenses	19,659,281	21,563,496
Total employee benefit expense	238,971,093	238,815,885

20 Other expenses

	2021 USD	2020 USD
Consumption of stores and spares and packing materials	21,577,905	20,002,496
Processing charges	9,242,937	3,179,985
Repairs and maintenance		
- Plant and machinery	8,250,029	8,322,486
- Buildings	4,988,782	4,905,818
- Others	5,198,486	4,410,940
Office expenses	3,321,651	2,759,335
Communication charges	2,755,929	3,394,234
Power and fuel	14,285,681	15,854,478
Rental expense	591,257	742,727
Rates and taxes	8,418,830	8,567,143
Legal and professional fees	30,414,741	31,811,586
Travel and conveyance	1,363,769	6,416,900
Vehicle running and maintenance	1,028,037	1,037,249
Advertisement, publicity and sales promotion	1,180,891	3,974,300
Insurance expense	6,132,315	4,257,424
Claims to customer and other selling expenses	3,815,762	6,244,376
Commission on sales	4,704,967	5,705,816
Loss on sale/disposal/discard of property, plant and equipment (net)	828,262	1,468,853
Foreign exchange loss, net	8,483,244	–
Staff recruitment and training	2,120,031	2,320,000
Freight and forwarding	12,760,853	9,523,790
Bank charges	2,185,940	3,343,692
Miscellaneous expenses	4,899,345	4,014,844
Total other expenses	158,549,644	152,258,472

21 Finance income

	2021 USD	2020 USD
Finance income from:		
- Loan to related parties (refer note 30)	2,590,372	3,377,961
- Others	788,940	2,458,725
Total finance income	3,379,312	5,836,686

22 Finance costs

	2021 USD	2020 USD
Interest expense	25,589,154	28,872,272
Other finance costs	1,783,671	2,194,661
Total finance costs*	27,372,825	31,066,933
* net of finance costs capitalised	1,013,230	691,101

23 Income tax expense

The major components of income tax expense are:

Profit or loss section:

	2021 USD	2020 USD
Income tax expense		
Current tax		
Current tax on profits for the year	32,844,729	40,701,443
Adjustment for current income tax of previous years	852,497	(497,310)
Total current tax expense	33,697,226	40,204,133
Deferred tax		
Origination and reversal of temporary differences	4,952,247	4,566,253
Adjustment in respect of deferred tax of previous years	(585,523)	1,088,361
Total deferred tax expense	4,366,724	5,654,614
Income tax expense	38,063,950	45,858,747

Other comprehensive income section:

	2021 USD	2020 USD
Tax (benefit)/expense related to items that will be reclassified to profit or loss	(1,522,417)	1,714,930
Tax expense/(benefit) related to items that will not be reclassified to profit or loss	17,776	(97,828)
Income tax (benefit)/expense	(1,504,641)	1,617,102

Equity section:

	2021 USD	2020 USD
Tax benefit related to items recognised in merger reserve	–	(6,473,099)
Income tax benefit	–	(6,473,099)

Reconciliation between average effective tax rate and applicable tax rate:

	2021 USD	2020 USD
Profit from continuing operations before income tax expense	107,008,252	137,611,853
Weighted average applicable tax rate	28.66%	28.31%
Tax at the weighted average applicable tax rate	30,668,305	38,959,878
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Incremental allowance for research and development	(202,156)	(2,560,161)
Effect of prior year taxes	266,974	591,051
Effect of state taxes	1,968,520	2,638,897
Change in tax rate*	(243,862)	(2,125,379)
Unrecognised deferred tax on business loss	1,363	842,496
Non-deductible expenses	6,255,022	5,011,249
Tax on dividend from subsidiary	–	3,150,000
Others	(650,216)	(649,284)
	38,063,950	45,858,747

* During the previous year, in accordance with Taxation Laws (Amendment) Act, 2019 in India, the Group evaluated the net deferred tax liability as at 31 March 2020 in Jubilant Generics Limited (a subsidiary company), and based on the estimates, had written back an amount of USD 2,120,436 to the Statement of Profit and Loss.

24 Acquisition of business

During the previous year, the Group, through Jubilant Generics Limited (a wholly owned subsidiary), acquired assets and assumed liabilities pertaining exclusively to the IBP business from Jubilant Pharmova Limited ("Ultimate holding company") through a Business Transfer Agreement ("BTA") with effect from 31 March 2020 ("acquisition date"), on a going concern basis, by means of a slump sale, for a lump sum consideration of INR 1,285,000,000 (USD 16,982,753 as at 31 March 2020) ("Business Combination"), which was paid during the year ended 31 March 2021. The India Branded Pharmaceuticals is a formulations business that caters to the Indian market in therapeutic areas including chronic specialties like Cardiology and Diabetes.

This transfer being transaction between common control entities, the assets acquired and liabilities assumed were recorded at book value in the consolidated financial statements. The excess of consideration over book value as of the date of transaction amounting to USD 18,524,207, net of related deferred tax assets amounting to USD 6,473,099, was recorded as an adjustment to Merger Reserve. Since, the acquisition of business did not materially impact the consolidated financial statements, Business Combination was accounted from the acquisition date.

25 Employee benefits

(A) Defined contribution plans

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

	2021 USD	2020 USD
Employer's contribution to provident fund*	18,580	30,099
Employer's contribution to employee's pension scheme	452,272	426,031
Employer's contribution to employee state insurance	29,309	31,336

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

b. The Group entities located in United States of America have a 401(k) plan, where eligible employees are permitted to participate in the defined contribution plan. Participants may voluntarily contribute eligible pre-tax and post-tax compensation of up to 100% of their annual compensation in accordance with the annual limits as determined by the Internal Revenue Service (IRS). Employees at or above the age of 50 may choose to contribute additional compensation as "catch-up" contributions in accordance with the IRS annual limits. Employees receive a 100% match of their contributions up to 3% of their eligible compensation and 50% match of their contributions over 3% up to 5% of their eligible compensation. The Group's matching contributions vest 100% immediately for all employees in the United States. The Group has contributed USD 3,771,207 and USD 3,712,922 for the years ended 31 March 2021 and 31 March 2020, 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 5.90% and 5.70% of the employees' base salary for the years ended 31 March 2021 and 31 March 2020, respectively.

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

Plan under which contributions made	**2021 USD**	**2020 USD**
Registered retirement savings plan (RRSP)	882,491	935,382
Quebec pension plan (QPP)	1,232,547	1,324,008

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 11,555 and USD 24,912 for the years ended 31 March 2021 and 31 March 2020, 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 6.80% p.a. and 6.80% p.a. as at 31 March 2021 and 31 March 2020, 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 (2012-14) as at 31 March 2021 and 31 March 2020.

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 2021 and 31 March 2020, taking into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The plan assets are maintained with Life Insurance Corporation of India in respect of gratuity scheme for certain employees of one unit of the Group. The details of investments maintained by Life Insurance Corporation are not available with the Group, hence not disclosed. The expected rate of return on plan assets is 6.80% p.a. and 6.80% p.a. as at 31 March 2021 and 31 March 2020, respectively.

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

	2021 USD	**2020 USD**
Present value of obligation at the beginning of the year	3,047,705	2,767,380
Acquired through business combination (refer note 24)	–	91,217
Employees transferred in/(out)	51,153	(27,583)
Current service cost	480,593	447,356
Interest cost	204,900	206,873
Actuarial (gain)/loss	(40,915)	283,371
Benefits paid	(290,037)	(453,491)
Effect of exchange rate changes	112,779	(267,418)
Present value of obligation at the end of the year	3,566,178	3,047,705

Fair value of plan assets:**

	2021 USD	2020 USD
Plan assets at the beginning of the year	479,158	463,922
Expected return on plan assets	33,208	34,680
Contribution by employer	28,577	109,820
Benefits paid	(122,271)	(88,987)
Actuarial gain	4,120	3,416
Effect of exchange rate changes	15,874	(43,693)
Plan assets at the end of the year	438,666	479,158

** 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:

	2021 USD	2020 USD
Present value of obligation at the end of the year	3,566,178	3,047,705
Fair value of plan assets at the end of the year	(438,666)	(479,158)
Net liabilities recognised in the Statement of financial position	3,127,512	2,568,547

Group's best estimate of contribution during next year is USD 763,368 and USD 642,345 as at 31 March 2021 and 31 March 20120, respectively.

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

	2021 USD	2020 USD
Current service cost	480,593	447,356
Interest cost	171,692	172,193
Net cost recognised in the Consolidated Statements of Profit or Loss and Other Comprehensive Income	652,285	619,549

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

	2021 USD	2020 USD
Actuarial loss due to demographic assumption change	5,553	11,642
Actuarial loss due to financial assumption change	–	163,529
Actuarial (gain)/loss due to experience adjustment	(46,468)	108,200
Actuarial gain on plan assets	(4,120)	(3,416)
Effect of exchange rate changes	(5,836)	–
Amount recognised in the other comprehensive income	(50,871)	279,955

Sensitivity analysis:

Assumptions	Discount rates		Future salary increase	
2021				
Sensitivity level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit	(84,741)	88,994	88,815	(85,358)
2020				
Sensitivity level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit	(93,573)	98,951	98,752	(94,251)

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

Maturity profile of the defined benefit obligation:

	2021 USD	2020 USD
Within one year	598,995	384,399
Between one to three years	850,847	608,012
Between three to five years	618,041	480,515
Later than five years	1,498,295	1,574,779
	3,566,178	3,047,705

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:

	2021	**2020**
Discount rate	6.80%	6.80%
Guaranteed rate of return	8.50%	8.50%

The Group has contributed to provident fund USD 937,629 and USD 893,779 for the years ended 31 March 2021 and 31 March 2020, respectively. (refer note 30)

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

	2021 USD	**2020 USD**
Present value of obligation at the end of the year	2,157,930	2,003,632

26 Fair value measurements

	Note	Level of hierarchy	2021 FVPL USD	2021 FVOCI USD	2021 Amortised cost USD	2020 FVPL USD	2020 FVOCI USD	2020 Amortised cost USD
Financial assets								
Other investments	(a)	1	–	422,594	–	–	–	–
Trade receivables	(b)		–	–	105,396,748	–	–	116,049,995
Cash and cash equivalents	(b)		–	–	55,088,585	–	–	138,325,966
Other financial assets	(e),(f)	3	–	–	82,564,470	–	–	53,908,256
Total financial assets			–	422,594	243,049,803	–	–	308,284,217
Financial liabilities								
Loans and borrowings – Senior Notes	(d),(f)	1	–	–	197,858,555	–	–	396,686,285
Loans and borrowings – Others	(b),(c)		–	–	152,735,747	–	–	44,208,228
Lease liabilities	(b)		–	–	31,127,108	–	–	20,614,518
Trade payables	(b)		–	–	69,567,478	–	–	68,695,898
Employee benefits	(b),(c)		–	–	26,754,880	–	–	25,863,909
Other financial liabilities	(b)		–	–	3,031,590	–	–	24,848,675
Total financial liabilities			–	–	481,075,358	–	–	580,917,513

Valuation techniques and significant unobservable inputs

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

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Other financial assets (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 6.75% (2020: 7.12%)	The estimated fair value would increase (decrease) if the adjusted discount rate was lower (higher)

Note:

(a) Fair value of quoted financial instruments (including listed debentures and bonds) is based on quoted market price at the reporting date.

(b) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments. Further, the fair value disclosure of lease liabilities is also not required.

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

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

	Level of hierarchy	2021 USD	2020 USD
Senior Notes 2021	1	–	186,250,000
Senior Notes 2024	1	210,710,000	188,826,000
		210,710,000	375,076,000

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

	Level of hierarchy	2021 USD	2020 USD
Other financial assets *	3	80,033,580	53,520,600

* The fair value of other non-current 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. The fair value of other current financial assets is considered as approximate to carrying amount due to the short term maturities of these instruments.

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

27 Financial risk management

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

- credit risk
- liquidity risk
- market risk

Risk management framework

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

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

Credit risk

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

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

Trade receivables and other financial assets

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

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

The customers of the Group are spread across North America, Europe, Asia and rest of the world regions though majority of customers are based out of North America, and accordingly, trade accounts receivables are concentrated in these geographies. To reduce credit risk, the Group performs on going credit evaluation of customers. As at 31 March 2021 and 31 March 2020, one customer is having 7.47% and 10.69% 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.

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

	2021			2020		
	Gross carrying amount USD	**Allowance for credit losses USD**	**Net carrying amount USD**	**Gross carrying amount USD**	**Allowance for credit losses USD**	**Net carrying amount USD**
Not due	77,903,557	–	77,903,557	82,879,082	–	82,879,082
0-90 days	22,811,499	(12,012)	22,799,487	30,813,159	(29,028)	30,784,131
90-180 days	4,142,948	(129,684)	4,013,264	2,276,340	(307,622)	1,968,718
180-270 days	516,339	(207,337)	309,002	309,652	(174,123)	135,529
270-360 days	346,412	(292,090)	54,322	140,575	(114,029)	26,546
More than 360 days	2,643,731	(2,326,615)	317,116	2,044,751	(1,788,762)	255,989
	108,364,486	(2,967,738)	105,396,748	118,463,559	(2,413,564)	116,049,995

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

	2021 USD	**2020 USD**
Balance at the beginning of the year	2,413,564	2,351,063
Add: Provided during the year (net of reversal)	580,678	122,014
Add: Acquired through business combination (refer note 24)	–	9,743
Less: Amount written off *	(149,615)	(2,081)
Effect of exchange rate changes	123,111	(67,175)
Balance at the end of the year	2,967,738	2,413,564

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

Expected credit loss on financial assets other than trade receivables:

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

Liquidity risk

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

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

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

		Contractual cash flows		
	Carrying amount USD	**Total USD**	**Within 1 year USD**	**More than 1 year USD**
As at 31 March 2021				
Non-derivative financial liabilities				
Loans and borrowings [(1)]	350,594,302	398,742,714	18,969,317	379,773,397
Lease liabilities	31,127,108	31,127,108	6,393,098	24,734,010
Trade payables	69,567,478	69,567,478	69,567,478	–
Other financial liabilities	3,031,590	3,031,590	3,031,590	–
Employee benefits	26,754,879	26,754,879	26,754,879	–
	481,075,357	529,223,769	124,716,362	404,507,407
As at 31 March 2020				
Non-derivative financial liabilities				
Loans and borrowings [(1)]	440,894,513	511,708,228	65,958,228	445,750,000
Lease liabilities	20,614,518	20,614,518	5,769,408	14,845,110
Trade payables	68,695,898	68,695,898	68,695,898	–
Other financial liabilities	24,848,675	24,848,675	24,848,675	–
Employee benefits	25,863,909	25,863,909	25,799,791	64,118
	580,917,513	651,731,228	191,072,000	460,659,228

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

Market risk

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

Currency risk

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

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

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

Exposure to currency risk

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

	USD	EUR	CAD	Others
2021				
Trade and other receivables	245,400,342	1,708,094	1,258,695	1,387,485
Cash and cash equivalents	12,741,591	54,772	–	429,563
Trade and other payables	27,265,562	2,501,988	1,806,283	2,152,766
Net statement of financial position exposure	230,876,371	(739,122)	(547,588)	(335,718)
2020				
Trade and other receivables	219,130,303	2,325,575	673,774	764,596
Cash and cash equivalents	30,936,145	2,255	–	1,264,510
Trade and other payables	29,505,881	2,485,144	1,164,378	1,643,643
Net statement of financial position exposure	220,560,567	(157,314)	(490,604)	385,463

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**
2021				
USD (1% movement)	1,282,906	(1,282,906)	1,025,858	(1,025,858)
EUR (1% movement)	(7,391)	7,391	–	–
CAD (1% movement)	(5,476)	5,476	–	–
Others (1% movement)	(3,357)	3,357	–	–
2020				
USD (1% movement)	450,606	(450,606)	1,755,000	(1,755,000)
EUR (1% movement)	(1,573)	1,573	–	–
CAD (1% movement)	(4,906)	4,906	–	–
Others (1% movement)	3,855	(3,855)	–	–

Interest rate risk

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

Exposure to interest rate risk

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

	Nominal amounts	
	2021	**2020**
	USD	**USD**
Fixed-rate borrowings	200,000,000	400,000,000
Floating-rate borrowings*	152,735,747	44,208,228

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

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

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's profit would decrease/increase by USD 96,831 and USD 8,805 for the years ended 31 March 2021 and 31 March 2020, respectively. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

28 Capital management

The Group's objectives when managing capital are to:

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

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

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

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

The gearing ratios were as follows:

Particulars	**2021** **USD**	**2020** **USD**
Net debt	295,505,717	302,568,547
Total equity	536,239,038	429,563,380
Net debt to equity ratio	0.55	0.70

Also refer note 11.

29 Segment information

(a) Description of segments and principal activities

The Chairman and Managing Director of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by IFRS 8, Operating Segments. Operating Segments have been defined and presented based on the regular review by the CODM to assess the performance of segment and to make decision about allocation of resources. Accordingly, the Group has determined following reportable segment based on nature of its product and service:

- **Specialty Pharmaceuticals** comprising Radiopharmaceuticals (including radiopharmacies) and Allergy Therapy products;

- **Contract Development and Manufacturing Operations (CDMO)** comprising Contract manufacturing of Sterile Injectables and Non-Sterile products (CMO) and Active Pharmaceutical Ingredients (APIs); and

- **Generics** comprising Solid Dosage Formulations.

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

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

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

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

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

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

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

(b) Information about reportable segments

	Total segment revenue		Inter-segment revenue		Revenue from external customers	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
	USD	**USD**	**USD**	**USD**	**USD**	**USD**
REVENUE						
Specialty Pharmaceuticals	310,984,906	426,218,154	–	–	310,984,906	426,218,154
CDMO	305,195,787	251,847,081	33,845,320	34,395,193	271,350,467	217,451,888
Generics	199,790,282	160,319,466	486,961	689,828	199,303,321	159,629,638
Total	815,970,975	838,384,701	34,332,281	35,085,021	781,638,694	803,299,680

	2021 USD	2020 USD
RESULTS		
Specialty Pharmaceuticals #	33,976,479	129,049,134
CDMO	86,202,417	38,845,067
Generics	28,320,013	16,475,203
Segment total	148,498,909	184,369,404
Un-allocated corporate expenses (net of un-allocated income)	(17,497,144)	(21,527,304)
Finance income	3,379,312	5,836,686
Finance costs	(27,372,825)	(31,066,933)
Profit before tax	107,008,252	137,611,853
Income tax expense	(38,063,950)	(45,858,747)
Profit for the year	68,944,302	91,753,106

	Segment assets		**Segment liabilities**	
	2021 USD	**2020 USD**	**2021 USD**	**2020 USD**
Specialty Pharmaceuticals #	296,402,224	257,483,216	65,078,776	60,479,094
CDMO	375,352,533	367,165,060	48,744,373	40,386,356
Generics	246,958,435	236,660,343	33,433,531	52,242,572
Segment total	918,713,192	861,308,619	147,256,680	153,108,022
Un-allocated corporate assets/liabilities	163,366,419	214,803,868	398,583,893	493,441,085
Total	1,082,079,611	1,076,112,487	545,840,573	646,549,107

	Capital expenditure		**Depreciation, amortisation and impairment ***	
	2020 USD	**2020 USD**	**2020 USD**	**2020 USD**
Specialty Pharmaceuticals	23,563,015	20,569,248	17,042,137	16,071,179
CDMO	9,773,296	14,532,924	14,744,787	13,907,758
Generics	18,246,890	16,256,799	15,571,876	17,629,905
Segment total	51,583,201	51,358,971	47,358,800	47,608,842
Un-allocated	8,653,361	61,127	596,643	292,653
Total	60,236,562	51,420,098	47,955,443	47,901,495

Refer note 5(a).

* Includes USD 3,487,992 and USD 4,292,832 charged off in Generics segment during the years ended 31 March 2021 and 31 March 2020, respectively [also refer note 4(2)].

(c) Geographical information

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

(i) Segment revenues:

	2021 USD	**2020 USD**
North America	622,322,356	660,648,291
Europe	57,744,009	69,947,926
Asia	71,702,985	44,066,623
Rest of the world	29,869,344	28,636,840
Total	781,638,694	803,299,680

(ii) Segment non-current assets*:

	2021 USD	**2020 USD**
North America	465,067,275	402,732,116
Europe	10,769,272	10,044,599
Asia**	152,363,550	153,430,435
Total	628,200,097	566,207,150

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

** Asia includes USD 109,768 and USD 334,429 as at 31 March 2021 and 31 March 2020, respectively, based in Singapore (country of domicile).

(d) Major customer

For the year ended 31 March 2021, there is no single customer that contributed 10% or more of the consolidated revenue of the Group. For the year ended 31 March 2020, there is one customer of Specialty Pharmaceuticals segment contributing USD 98,247,080 of the consolidated revenue of the Group.

30 Related parties

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

Transactions with related parties

	2021 USD	2020 USD
Purchase of goods and services from:		
- Holding company	1,222,968	540,950
- Fellow subsidiaries	2,309,758	1,740,201
Sale of goods and services to:		
- Fellow subsidiaries	22,459	–
Reimbursement of expenses:		
- Holding company	8,306,426	9,855,168
- Fellow subsidiaries	30,390	280,420
- Other related parties	242,797	–
Recovery of expenses:		
- Holding company	70,162	84,811
- Fellow subsidiaries	496,720	522,543
- Other related parties	144,434	128,145
Loans given:		
- Fellow subsidiaries	4,000,000	–
Interest income on loans given:		
- Holding company	2,516,057	3,377,961
- Fellow subsidiaries	74,315	–
Donation:		
- Other related parties	137,392	441,850
Sale of duty credit scrips:		
- Holding company	67,816	–
Purchase of duty credit scrips:		
- Holding company	–	82,782
Group's contribution to provident fund trust:		
- Other related parties	937,629	893,779
Lease payments:		
- Holding company	795,496	668,012
- Other related parties	10,797	50,839
Purchase of assets:		
- Holding company	49,695	–
- Fellow subsidiaries	–	85

	2021 USD	2020 USD
Sale of assets:		
- Fellow subsidiaries	2,553	–
Acquisition of business:		
- Holding company (refer note 24)	–	16,982,753
Dividend paid:		
- Holding company	–	21,239,333
Transactions with key management personnel:		
- Short term employee benefits	4,617,122	4,006,090
- Defined contribution plan	26,285	24,052
- Sitting fee	64,000	116,000
- Director fee	250,000	244,384
	4,957,407	4,390,526

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

Due from related parties

Loans (including interest) receivable

	2021 USD	2020 USD
- Holding company	44,645,642	43,165,897
- Fellow subsidiaries	4,074,315	–
	48,719,957	43,165,897

Trade receivables

	2021 USD	2020 USD
- Holding company	–	225,604
- Fellow subsidiaries	–	23,717
- Other related parties	280,386	–
	280,386	249,321

Advance recoverable

	2021 USD	2020 USD
- Holding company	140,156	1,081,985
- Fellow subsidiaries	224,474	227,272
- Other related parties	211,590	80,621
	576,220	1,389,878

Due to related parties

Business purchase consideration payable

	2021 USD	2020 USD
- Holding company	–	16,982,753

Trade and other payables

	2021 USD	2020 USD
- Holding company	3,157,177	4,230,722
- Fellow subsidiaries	489,636	1,505,920
- Other related parties	630,264	197,568
- Key management personnel	1,067,783	945,204
	5,344,860	6,681,846

31 Contingent liabilities to the extent not provided for

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

	2021 USD	2020 USD
Central Excise	107,643	108,346
Customs	362,849	29,670
Service Tax	10,768	837,336
Income Tax*	–	2,231,214
Goods and Services Tax	229,093	168,023
Others	1,943,383	1,359,515
	2,653,736	4,734,104

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

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

(b) Other contingent liabilities

(i) A customer had filed an arbitration claim in 2013 before the International Court of Arbitration, International Chamber of Commerce, Paris ("ICC") against Jubilant Pharmaceuticals NV ("JPNV"), a stepdown subsidiary of the Company in Belgium alleging contravention of certain provisions of Licensing and Supply agreement between the parties and claiming damages (excluding interest) amounting to €2,083,421 (USD 2,443,436 and USD 2,279,054 as at 31 March 2021 and 31 March 2020, respectively). JPNV has also filed a counter claim against this customer for damages amounting to €2,379,678 (USD 2,790,886 and USD 2,603,130 as at 31 March 2021 and 31 March 2020, respectively) in the same dispute. Partial Award No. 2 dated 5 September 2017 was passed by the Arbitrator wherein claims of the customer were allowed for €668,684 (USD 784,233 and USD 731,473 as at 31 March 2021 and 31 March 2020, respectively) but the customer was restrained from using, either directly or indirectly, the Dossiers and also directed to return the Dossiers to JPNV. Partial Award No. 3 dated 14 February 2018 was passed by the Arbitrator holding the customer liable to pay daily penalties of €5,000 (USD 5,864 and USD 5,470 as at 31 March 2021 and 31 March 2020, respectively) for any use, either directly or indirectly, of the Dossiers and €1,000 (USD 1,173 and USD 1,094 as at 31 March 2021 and 31 March 2020, respectively) for non-return of Dossiers to JPNV before 16 March 2018. On 5 March 2018, the customer challenged the Partial Awards No. 2 and 3 before Court of Brussels, which has vide interim order dated 24 August 2018 rejected the customer's request for suspension of the Partial Award. Final Award was passed on 20 September 2019 by the Arbitrator where under JPNV was directed to pay €668,684 (USD 784,233 and USD 731,473 as at 31 March 2021 and 31 March 2020, respectively) along with interest (as held in Partial Award No. 2). JPNV has challenged the Final Award, and has also filed for the enforcement of the Partial Award No. 3 which has been challenged by the Customer vide challenge filed in the court of Antwerp dated 28 February 2020. The Customer has also challenged the decision of the arbitrator dated 20 September 2019 for not reopening the proceedings and refusing to abolish the daily penalties "astreintes". On the daily penalties, the Customer was served by the Court Bailiff on 11 January 2021 to which it has notified writ of summons opposing JPNV's notification dated 14 July 2020. On the award, the Customer filed its written submission on 29 January 2021 and JPNV has filed its submissions on 23 February 2021. These proceedings are pending.

(ii) During the year ended 31 March 2019, the Group received warning letter from U.S. Food and Drug Administration ("USFDA") for its solid dosage formulations manufacturing facility located at Roorkee, India. As a result of this, USFDA may withhold approval of any new applications or supplements till the Group resolves the issues raised by the agency, however, the Group continues to manufacture and distribute existing products from its Roorkee facility. USFDA conducted subsequent inspections and issued additional observations. The Group has submitted comprehensive responses to the USFDA and has engaged with third party consultants to help in the remediation activities. The Group is taking all necessary steps to ensure further stringent controls at all its facilities.

(iii) Additionally, the Group is involved in other disputes, lawsuits, claims, governmental and/or regulatory inspections, inquiries, investigations and proceedings, including commercial matters that arise from time to time in the ordinary course of business. The Group believes that none of these matters, either individually or in aggregate, are expected to have any material adverse effect on its consolidated financial statements.

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

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:

	2021 USD	2020 USD
Property, plant and equipment	31,882,781	12,832,491
Intangibles assets	14,700,369	15,187,641
	46,583,150	28,020,132

(b) 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 1,073,332 and USD 95,311 as at 31 March 2021 and 31 March 2020, respectively. Similarly, export obligation under Advance License Scheme on duty free import of specific raw materials, remaining outstanding is USD 4,265,607 and USD 9,216,819 as at 31 March 2021 and 31 March 2020, respectively.

33 Leases

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

	Depreciation charge		Net carrying amount	
	2021 USD	2020 USD	2021 USD	2020 USD
Buildings	6,052,468	5,520,463	27,777,075	18,111,773
Plant and equipment	68,202	68,202	37,875	106,077
Office equipment	110,366	69,869	689,043	126,651
Vehicles	2,107,016	1,823,061	2,881,015	3,655,697
	8,338,052	7,481,595	31,385,008	22,000,198

Additions to the right-of-use assets during the years ended 31 March 2021 and 31 March 2020 were USD 17,738,721 and USD 4,541,228, respectively.

Amount recognised in profit or loss:

	2021 USD	2020 USD
Interest on lease liabilities	1,221,423	1,280,364
Rental expense relating to short-term leases	591,257	742,727

Amount recognised in statement of cash flows:

	2021 **USD**	**2020** **USD**
Total cash outflow for leases	8,577,224	7,861,220

The weighted average incremental borrowing rate applied to lease liabilities as at 1 April 2019 is 5.91%.

The difference between the operating lease commitments disclosed applying IAS 17 as at 31 March 2019 in the consolidated financial statements for the year then ended and the lease liabilities recognised as at 1 April 2019 in these consolidated financial statements is primarily on account of inclusion of extension and termination options reasonably certain to be exercised and exclusion of short-term leases for which the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease, in measuring the lease liability in accordance with IFRS 16.

34 Research and development expenditure

The aggregate amount of research and development expenditure (excluding depreciation, amortisation and impairment) recognised as an expense is USD 13,621,760 and USD 15,235,107 during the years ended 31 March 2021 and 31 March 2020, respectively.