March 6, 2019

BSE Limited
P. J. Towers
Dalal Street,
Mumbai - 400 001

National Stock Exchange of India Limited
Exchange Plaza
Bandra Kurla Complex
Bandra (E),
Mumbai - 400 051

Dear Sir / Madam,

Sub: Issuance of rated unsecured bonds of US$200 million by our wholly-owned subsidiary Jubilant Pharma Limited (a company incorporated under the laws of Singapore), outside India, under Regulation S of the U.S. Securities Act of 1933, as amended.

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, and further to the disclosure made to the stock exchanges on March 5, 2019, where we have informed about successful completion of the offering of rated unsecured bonds (the "**Notes**") of an aggregate principal amount of US$200 million, by our material wholly-owned subsidiary, Jubilant Pharma Limited (a company incorporated under the laws of Singapore), outside India to institutional investors outside India under Regulation S of the U.S. Securities Act of 1933, as amended, we would like to inform that the Notes have been listed and quoted on the Official List of the Singapore Exchange Securities Trading Limited on March 6, 2019.

With this letter, we have attached the final Offering Memorandum filed with the Singapore Exchange Securities Trading Limited in connection with the issuance of the Notes.

The above is for your information and records.

We request you to take the same on record.

Thanking you,

Yours faithfully,
For Jubilant Life Sciences Limited

RAJIV SHAH Digitally signed by RAJIV SHAH Date: 2019.03.06 10:29:08 +05'30'

Rajiv Shah
Company Secretary

This announcement is not for distribution in or into the United States. This announcement is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States unless they are registered or are exempt from registration. Any public offering of securities to be made in the United States would be made by means of a prospectus that would contain detailed information about the issuer, their management and their financial statements in compliance with all relevant laws. The issuer does not have any current intention to make any public offering of, or to register, any securities in the United States.

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Fax:+91 120 4234895-96
www.jubl.com

Regd Office:
Bhartiagram, Gajraula
Distt. Amroha - 244 223,
UP, India
CIN : L24116UP1978PLC004624

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S ("REGULATION S") UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT").

IMPORTANT: You must read the following before continuing. The following applies to the offering memorandum following this notice (the "**Offering Memorandum**"), whether received by email or otherwise received as a result of electronic communication. You are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Memorandum. In accessing the Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them anytime you receive any information from us as a result of such access.

The Offering Memorandum has been prepared in connection with the proposed offer and sale of the securities described herein.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

The securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MIFID II**"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

THE OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS OFFERING MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED HEREIN.

Confirmation of your representation: In order to be eligible to view the Offering Memorandum or make an investment decision with respect to the securities, investors must be located outside the United States. To the extent you purchase securities described in the attached Offering Memorandum, you will be doing so in reliance on Regulation S under the Securities Act. The Offering Memorandum is being sent at your request. By accepting the e-mail and accessing the Offering Memorandum, you shall be deemed to have represented to us that:

(1) you consent to delivery of such Offering Memorandum by electronic transmission; and

(2) either you and any customers you represent are outside the United States and the e-mail address that you gave us and to which the e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any state of the United States or the District of Columbia.

You are reminded that the Offering Memorandum has been delivered to you on the basis that you are a person into whose possession the Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located, and you may not, nor are you authorized to, deliver the Offering Memorandum to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where such offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and DBS Bank Ltd., J.P. Morgan (S.E.A.) Limited and UBS AG Singapore Branch (the "**Joint Lead Managers**") or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the bookrunners or such affiliate on behalf of us in such jurisdiction.

Under no circumstances shall the Offering Memorandum constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

This Offering Memorandum does not constitute an offer of securities to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the securities. Consequently this Offering Memorandum is being distributed only to, and is directed at (a) persons who are outside the United Kingdom, (b) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (c) high net worth entities falling within Article 49(2) of the Order, and other persons to whom it may be lawfully communicated (all such persons together being referred to as "**relevant persons**"). In addition, this communication is, in any event only directed at persons who are "qualified investors" (within the meaning of Section 86(7) of the Financial Services and Markets Act 2000, as amended (the "**FSMA**"). Any person who is not a relevant person should not act or rely on this Offering Memorandum or any of its contents. Persons into whose possession this Offering Memorandum may come are required by us, the guarantors and the Joint Lead Managers to inform themselves about and to observe such restrictions.

The Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission, and consequently none of us, the Joint Lead Managers, or any person who controls the Joint Lead Managers, or any of our or its directors, officers, employees or agents accepts any liability or responsibility whatsoever in respect of any difference between the Offering Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

NOT FOR DISTRIBUTION IN THE UNITED STATES

CONFIDENTIAL

JUBILANT PHARMA LIMITED

(incorporated in the Republic of Singapore)

US$200,000,000 6.00% Senior Notes Due 2024

Jubilant Pharma Limited, a company incorporated under the laws of Singapore (the "**Company**") and a wholly-owned subsidiary of Jubilant Life Sciences Limited, a public company incorporated with limited liability in the Republic of India under the Companies Act, 1956 (the "**Parent**"), is offering US$200,000,000 aggregate principal amount of its 6.00% Senior Notes due 2024 (the "**Notes**", and the offering of the Notes, this "**Offering**"). The Notes will mature on March 5, 2024. Interest on the Notes will be payable semi-annually in arrears on March 5 and September 5 of each year, commencing on September 5, 2019.

The Notes will be senior obligations of the Company and will rank *pari passu* in right of payment with all the Company's existing and future obligations that are not subordinated in right of payment to the Notes, including the Existing Senior Notes.

At any time on or after March 5, 2022, the Company may redeem all or part of the Notes by paying the redemption prices set forth in this offering memorandum ("**Offering Memorandum**") under the caption "*Description of the Notes—Optional Redemption*". Prior to March 5, 2022, the Company will be entitled, at its option, to redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount of such Notes plus the Applicable Redemption Premium as of, and accrued and unpaid interest and additional amounts, if any, to the date of redemption. In addition, prior to March 5, 2022, the Company may redeem, at its option, up to 35% of the Notes with the net proceeds from certain equity offerings at the redemption price set forth in this Offering Memorandum under the caption "*Description of the Notes—Optional Redemption*". See "*Description of the Notes—Optional Redemption*". Upon the occurrence of certain events defined as constituting a change of control, the Company shall make an offer to each holder and each holder may require the Company to repurchase all or a portion of its Notes at 101% of their principal amount, plus accrued and unpaid interest and additional amounts, if any. In the event of certain developments affecting taxation, the Company may redeem all, but not less than all, of the Notes.

This Offering Memorandum includes information on the terms and conditions of the Notes, including redemption and repurchase prices, covenants and transfer restrictions.

Approval-in-principle has been received for the listing and quotation of the Notes on the Official List of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission of the Notes to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Company, the Group (as defined herein), any of their respective subsidiaries and/or associated companies, or the Notes.

Singapore Securities and Futures Act Product Classification: In connection with Section 309B(1)(c) of the Securities and Future Act, Chapter 289 of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations**"), the Issuer has determined and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), the classification of the Notes as prescribed capital markets products (as defined in the CMP Regulations 2018).

The Notes have been provisionally rated "BB-" by Standard & Poor's Ratings Services ("**S&P**") and "BB" by Fitch Inc. ("**Fitch**"). Such rating of the Notes or the Company do not constitute a recommendation to buy, sell or hold the Notes and may be subject to revision or withdrawal at any time by S&P and Fitch.

Investing in the Notes involves a high degree of risk. See "*Risk Factors*" beginning on page 17 of this Offering Memorandum.

Price: 100.00% plus accrued interest, if any, from March 5, 2019.

The Notes will be issued only in registered form in minimum denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. We expect that the Notes will be delivered in book-entry form through the facilities of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**") on or about March 5, 2019 (the "**Issue Date**").

This Offering Memorandum has not been and will not be registered as a prospectus or a statement in lieu of prospectus in respect of a public offer, information memorandum or private placement offer letter or any other offering material with the relevant registrar of companies in India in accordance with the Companies Act, 2013 and other applicable laws in India for the time being in force. This Offering Memorandum has not been and will not be reviewed or approved by any regulatory authority in India or by any Indian stock exchange. This Offering Memorandum and the Notes are not and should not be construed as an advertisement, invitation, offer or sale of any securities whether by way of private placement or to the public in India. This Offering Memorandum may be displayed for information purposes only, on the websites of the Indian stock exchanges where the equity shares of the Parent are listed and on the website of the Parent.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other jurisdiction, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. This offering is being made in reliance on Regulation S under the Securities Act. In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), the Notes are not offered or sold to the public in that Relevant Member State other than to any legal entity which is a qualified investor as defined in the Prospectus Directive (2003/71/EC), as amended, and each purchaser of the Notes shall only offer or sell any of the Notes to qualified investors.

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

DBS Bank Ltd. **J.P. Morgan** **UBS**

The date of this Offering Memorandum is February 28, 2019.

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NOTICE TO INVESTORS

You should rely only on the information in this Offering Memorandum or to which we have referred you in this Offering Memorandum in making an investment decision with respect to the Notes. None of us nor any of the Joint Lead Managers (as defined below) have authorized anyone to provide you with any additional or different information. This Offering Memorandum may only be used where it is legal to sell the Notes. The information in this Offering Memorandum may be accurate only on the date of this Offering Memorandum.

The securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MIFID II**"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

We are relying on an exemption from registration under the Securities Act and Section 274 and/or Section 275 of the Securities and Futures Act, Chapter 289 of Singapore for offers and sales of securities that do not involve a public offering. We are relying on an exemption from registration under the Securities Act for offers and sales of securities outside the United States that do not involve a public offering. The Notes hereby have not been registered under the Securities Act or under any other securities laws. Unless they are registered, the Notes may be offered only in transactions that are exempt from these securities laws. This Offering Memorandum does not constitute an offer of, or an invitation by or on behalf of us, DBS Bank Ltd., J.P. Morgan (S.E.A.) Limited and UBS AG Singapore Branch (together, the "**Joint Lead Managers**"), or The Bank of New York Mellon, London Branch, in its capacity as trustee of the Notes (the "**Trustee**") or their respective affiliates or advisers, or any of the Agents (as defined in the "*Description of the Notes*") to subscribe for, or purchase, any of the Notes. The distribution of this Offering Memorandum and the offering of the Notes in certain jurisdictions may be restricted by law. For a description of certain further restrictions on offers and sales of the notes and distribution of the Offering Memorandum, see "*Plan of Distribution*". Persons into whose possession this Offering Memorandum comes are required by us, the Joint Lead Managers, the Agents and the Trustee to inform themselves about and to observe any such restrictions. By purchasing the Notes, you will be deemed to have made the acknowledgments, representations, warranties and agreements described in "*Transfer Restrictions*". You will be required to bear the financial risks of your investment which may be for an indefinite period of time. This Offering Memorandum has been prepared by us solely for use in connection with the issue and offering of the Notes as described herein. We have not authorized its use for any other purpose. This Offering Memorandum may not be copied or reproduced in whole or in part. This Offering Memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes. Distribution of this Offering Memorandum to any person other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorized, and any disclosure of any of its contents, without prior written consent, is prohibited. By accepting delivery of this Offering Memorandum, you agree to these restrictions.

We accept full responsibility for the information contained in this Offering Memorandum. To the best of our knowledge and belief (and we have taken all reasonable care to ensure that such is the case), the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. To the best of our knowledge and belief, having made all reasonable enquiries, we confirm that this Offering Memorandum contains all information with respect to us and the Notes which is material in the context of the issue and offering of the Notes. The statements contained in this Offering Memorandum relating to us and the Notes are, to the best of our knowledge and belief, in every material particular true and accurate and not misleading, and the opinions and intentions expressed in this Offering Memorandum with regard to us and the Notes are honestly held based on reasonable assumptions and have been reached after considering all relevant circumstances and information presently available to us. To the best of our knowledge and belief, there are no other facts in relation to us or the Notes, the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Offering Memorandum misleading in any material respect and all reasonable enquiries have been made by us to ascertain such facts and to verify the accuracy of all such information and statements. Where information contained in this Offering Memorandum includes extracts from summaries of information and data from various published and private sources, we accept responsibility for accurately reproducing such summaries and data. However, we have not independently verified

the accuracy or material particulars of such information and do not make any representation with respect to the same.

None of the Joint Lead Managers, the Trustee, any Agent or their respective affiliates or advisers has separately verified the information contained in this Offering Memorandum (financial, legal or otherwise). Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers, any Agent or the Trustee or their respective affiliates or advisers as to the accuracy or completeness of the information contained in this Offering Memorandum or any other information supplied in connection with the Notes. Each person receiving this Offering Memorandum acknowledges that such person has not relied on the Joint Lead Managers, any Agent or the Trustee nor on any person affiliated with the Joint Lead Managers, any Agent or the Trustee in connection with its investigation of the accuracy of such information or its investment decision and each such person must rely on his own examination of us and the merits and risks involved in investing in the Notes. Prospective investors should not construe anything in this Offering Memorandum as legal, business or tax advice. Each prospective investor should consult its own advisers, as needed, to make its investment decision and to determine whether it is legally able to purchase the Notes under applicable laws or regulations.

No person is authorized to give any information or to make any representation not contained in this Offering Memorandum and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of us, the Joint Lead Managers, any Agent or the Trustee or their respective affiliates or advisers. The delivery of this Offering Memorandum at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

Market data and certain industry forecasts used throughout this Offering Memorandum have been obtained from market research, publicly available information and industry publications. Certain statistical information included herein relating to the pharmaceutical industry has been reproduced from sources which we believe to be reliable but whose accuracy and completeness cannot be guaranteed.

STABILIZATION

IN CONNECTION WITH THIS OFFERING, DBS BANK LTD. (THE "**STABILIZING MANAGER**") (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains forward-looking statements, which are statements that are not historical facts, including statements about our beliefs and expectations. Forward-looking statements generally can be identified by the use of forward-looking terminology, such as "may", "will", "could", "expect", "anticipate", "intend", "plan", "believe", "seek", "estimate", "project" and similar terms and phrases. These statements include, among others, statements regarding our business strategy, future financial position and results, and plans and objectives of our management for future operations. Forward-looking statements are, by their nature subject to substantial risks and uncertainties, and investors should not unduly rely on such statements.

Forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors, many of which are beyond our control, including:

- changes in global economic, political and social conditions in the countries in which we operate, transact business or have interests;
- our strategies, plans, objectives and goals, and our ability to successfully implement the same;

- actions by regulators and increased regulatory burdens in the countries in which we operate, transact business or have interests;
- the continued success of our business model;
- accidents, natural disasters, the outbreak of diseases and business interruptions occurring in the countries in which we operate, transact business or have interests or globally;
- our ability to successfully compete with other pharmaceutical companies;
- cost overruns or delays in launching our new projects, products or ventures;
- the availability and terms of external financing;
- the availability of resources (including but not limited to, labor, capacities, energy and raw materials);
- our ability to accurately forecast key trends and changes in the North American, European, Indian and wider global market;
- changes in laws, regulations, taxation or accounting standards practices that affect our resources, products and operations;
- changes in exchange controls, import controls or import duties, levies or taxes, in the markets in which we operate, transact business or have interests;
- changes in our relationship with the governments of the countries in which we operate, transact business or have interests;
- our business and operating strategies and our ability to implement such strategies;
- our ability to ensure continuity of senior management and our ability to attract and retain key personnel;
- our ability to service our debts and comply with relevant covenants;
- our ability to maintain adequate internal controls over financial reporting;
- instances of product recalls;
- the risks associated with manufacturing and distribution of our products and the regulatory requirements related thereto;
- our being subject to extensive government regulation and our potential inability to comply with those regulations;
- the risks associated with our investment in additional capacity, including new lines and/streams and plants at our existing facilities;
- our ability to keep logistical and other business costs to a minimum;
- changes in prices or demand for the services and products we provide in the markets in which we operate, transact business or have interests;
- the risks of increased costs in technologies related to our operations and the uncertainty of such technologies producing expected results;
- our inability to protect our intellectual property and the risk of claims that we have infringed on the intellectual property of others;
- changes in the value of the U.S. dollar against other major global currencies and other currency changes;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- acquisitions and divestitures which we may undertake; and
- other factors, including those discussed in "*Risk Factors*".

Because of these factors, we caution you not to place undue reliance on any of our forward-looking statements. The forward-looking statements we make, represent our judgment on the dates such statements are made. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us. Save as required by all applicable laws of applicable jurisdictions, we assume no obligation to update any information contained in this Offering Memorandum or to publicly release the results of any revisions to any forward-looking statements to reflect events or circumstances that occur, or that we become aware of, after the date of this Offering Memorandum.

CERTAIN DEFINED TERMS AND CONVENTIONS

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

In this Offering Memorandum, unless otherwise specified or the context otherwise requires, references to "**$**", "**US$**", "**U.S. dollars**" and "**dollars**" are to United States dollars, and references to "**INR**", "**rupee**", "**rupees**", "**Indian rupee**" or "**Indian rupees**" are to the legal currency of India. References to a particular "financial" year are to the financial year ended March 31 of such year. Unless otherwise indicated all translations in this Offering Memorandum from Indian rupees to U.S. dollars as at December 31, 2018 are based on an exchange rate of INR69.29 to US$1.00.

In this Offering Memorandum, references to "**U.S.**" or "**United States**" are to the United States of America, its territories and its possessions. References to "India" are to the Republic of India. References to "**GoI**" are to the government of India.

Certain amounts and percentages included in this Offering Memorandum have been rounded to one decimal place, where applicable. Accordingly, in certain instances, the sum of the numbers in a column may not equal the total figure for that column.

Any discrepancies in any tables, graphs or charts included in this Offering Memorandum between the totals and the sums of the amounts listed are due to rounding.

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

PRESENTATION OF FINANCIAL INFORMATION

The historical financial information in the "*Summary Consolidated Financial and Other Information*", "*Selected Consolidated Financial and Other Information*" and "*Related Party Transactions*" sections of this Offering Memorandum are that of the Company and its consolidated subsidiaries and subsidiary entities (including partnerships) on a consolidated basis.

Our consolidated financial statements as at and for the financial years ended March 31, 2017 and 2018 included elsewhere in this Offering Memorandum, is prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by International Accounting Standards Board ("**IASB**"), audited by KPMG in accordance with International Standards on Auditing.

Our unaudited consolidated interim financial statements as at and for the nine months ended December 31, 2017 and as at and for the nine months ended December 31, 2018 have each been reviewed by KPMG, as stated in their review report.

Our consolidated financial statements in this Offering Memorandum are presented in U.S. dollars.

NON-IFRS FINANCIAL MEASURES

We use Adjusted EBITDA to provide additional information about our operating performance. We define Adjusted EBITDA as profit before tax expense, finance cost, net and depreciation, amortization and impairment, and Adjusted EBITDA Margin as Adjusted EBITDA for the period divided by total revenues for that period. Adjusted EBITDA and Adjusted EBITDA Margin are not standard measures, nor measures of financial performance or liquidity, under IFRS, and should not be considered alternatives to result from operating activities, profit before tax, profit for the year or any other performance measure derived in accordance with IFRS or as an alternative to cash flow from operating activities. Adjusted EBITDA and Adjusted EBITDA Margin are supplemental measures of the Group's performance that are not required by, or presented in accordance with, IFRS.

As a measure of operating performance, we believe that the most directly comparable measure to Adjusted EBITDA is profit for the year. We use Adjusted EBITDA in addition to profit for the year because profit for the year includes many accounting items associated with capital expenditures, such as depreciation, as well as certain other non-operating transactions, such as finance income and finance costs and income tax expenses. These accounting items may vary between companies depending on the method of accounting adopted by each company. By minimizing differences in capital expenditures and the associated depreciation expenses as well as

reported tax positions, goodwill amortization and finance income and costs, Adjusted EBITDA provides further information about our operating performance and an additional measure for comparing our operating performance with other companies' results. Funds depicted by Adjusted EBITDA may not be available for debt service due to covenant restrictions, capital expenditure requirements and other commitments.

We have included Adjusted EBITDA because we believe it is an indicative measure of our operating performance and is used by investors and analysts to evaluate companies in our industry. Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for, analysis of our financial condition or results of operations, as reported under IFRS. Because of these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our businesses. Our calculation of Adjusted EBITDA may be different from other companies and hence may not be entirely comparable and may limit its usefulness as a comparative measure.

See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-IFRS Financial Measures*" for a reconciliation of profit for the year/period under IFRS to our definition of Adjusted EBITDA and Adjusted EBITDA Margin.

The definition of EBITDA as used and presented in "*Description of the Notes*" is different from the definition of Adjusted EBITDA used elsewhere in this Offering Memorandum.

INDUSTRY AND MARKET DATA

This Offering Memorandum includes market and industry data and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such included information. We have commissioned Frost & Sullivan (S) Pte Ltd ("**Frost & Sullivan**"), to prepare a report on the radiopharmaceutical industry, U.S. radiopharmacy chain, U.S. contract manufacturing organization industry, U.S. allergy immuno therapy industry and the global and U.S. generic pharmaceutical industry for the purpose of inclusion in this Offering Memorandum, including data (actual, estimated and forecast) relating to, among other things, demand and market share information. While we believe that the third party information and data contained in this Offering Memorandum are reliable, we cannot ensure the accuracy of the information or data, and we, the Joint Lead Managers and our or their respective affiliates or advisers have not independently verified this information or data or ascertained the underlying assumptions relied upon therein.

DEFINITIONS AND GLOSSARY

In addition to the terms that are otherwise defined in this Offering Memorandum, the following sets out the definitions of certain terms used in this Offering Memorandum.

adverse effects	Unexpected medical problems that happens during treatment with a drug or other therapy
ampoule	A small sealed glass capsule commonly containing a liquid in a measured quantity ready for injecting
ANDA	Abbreviated New Drug Application, being a comprehensive submission that contains, among other things, data and information pertaining to the active pharmaceutical ingredient, drug product formulation, specifications and stability of the generic drug, as well as analytical methods, manufacturing process validation data and quality control procedures 505(b)(2)
ANSM France	Agence Nationale de Sécurité du Médicament et des Produits de Santé—ANSM (The French National Agency for Medicines and Health Products Safety)
ANVISA Brazil	Agência Nacional de Vigilância Sanitária (National Health Vigilance Agency—Brazil)
APIs	Active Pharmaceutical Ingredient(s)
authorized generics	An approved brand name drug that is marketed without the brand name on its label
bio-transformation	Chemical modification (or modifications) by an organism on a chemical compound
BLA	Biologics License Application
Bracco	Bracco Diagnostics Inc.
captive consumption	The consumption of goods manufactured by one division and consumed by another division(s) of the same organization
captive value chain	Captive value chain refers to efficiencies generated by our integrated operations, including captive consumption.
CBER	Center for Biologics Evaluation and Research
CDER	Center for Drug Evaluation and Research
CDSCO	Central Drugs Standard Control Organization, the national regulatory body for Indian pharmaceuticals and medical devices
centralized	In the context of radiopharmacies, refers to the centralization of the process for the preparation of radiopharmaceuticals, which is prepared in the radiopharmacy before being dispatched to the hospital. This is in contrast with institutional radiopharmacy, where radiopharmaceuticals are prepared on-site at the hospital
cGMPs	Current Good Manufacturing Practices
Class III recall	Defined by the USFDA as a situation in which use of, or exposure to, a violative product is not likely to cause adverse health consequences
Class II recall	Defined by the USFDA as a situation in which use of, or exposure to, a violative product may cause temporary or medically reversible adverse health consequences or where the probability of serious adverse health consequences is remote
CMO	Contract manufacturing of sterile injectables and non-sterile products
CMO Montreal Facility	Our CMO manufacturing facility in Kirkland, Montreal, Canada
CMS	Centers for Medicare and Medicaid Services

CNS	Central Nervous System
COFEPRIS Mexico	Comisión Federal para la Protección contra Riesgos Sanitarios (The Federal Commission for the Protection against Sanitary Risk—Mexico)
cold products or cold kits	Non-radioactive products that may be later complexed with radioisotopes
Complete Response Letter or CRL	A letter issued by the USFDA when it determines that it will not approve an application or abbreviated application in its current form for one or more reasons specified therein. A CRL will also recommend actions the applicant might take to place the application or abbreviated application in condition for approval
CROs	Clinical Research Organizations
CVS	Cardio-Vascular System
Debottlenecking	Initiatives the Company takes to reduce production bottlenecks to increase production capacities and maintain cost control such as making certain minor modifications and/or balancing of equipment and minor process improvements. Such debottlenecking measures does not include greenfield or brownfield investments
de-risked business model	Refers to the Company's diversified product offerings, product sourcing capabilities as well as its broad customer base with a global manufacturing and marketing footprint, and such diversification in the business model equates to reduction in risk concentration in the business
DMF	Drug Master File, which is a submission to the relevant regular (e.g. USFDA in the United States) that may be used to provide confidential detailed information about facilities, processes, or articles used in the manufacturing, processing, packaging, and storing of one or more human drugs. A DMF is submitted solely at the discretion of the holder, and the information contained in the DMF may be used to support an ANDA application by a drug product manufacturer. While DMFs are filed with and reviewed by the USFDA, they are not approved by the USFDA
dossier	A registration dossier is a document that contains technical, quality, administrative, clinical and non-clinical data of a pharmaceutical product to be approved, registered or marketed in a country demonstrating that such product is of acceptable quality, is safe and performs optimally when used
DTPA	Diethylene Triamine Penta Acetic Acid
EDMF	European Drug Master File
EIRs	Establishment Inspection Reports
EMA	European Medicines Agency
excipient	An inactive substance, for the purpose of bulking-up formulations that contain potent active ingredients (thus often referred to as "bulking agents", "fillers", or "diluents"
Expanded-Access Program	Program for patients to gain access to investigational drugs, biologics, and medical devices used to diagnose, monitor, or treat patients with serious diseases or conditions for which there are no comparable or satisfactory therapy options available outside of clinical trials
FAMHP Belgium	Federal Agency for Medicines and Health Products of Belgium
Filed products	Products for which we have filed product dossiers with the regulatory bodies of respective countries for the purpose of obtaining marketing authorization (MA) so as to enable commercialization of the product once the MA is received

Form-483	A form used to list inspectional observations issued by the USFDA to the management when an investigator(s) has observed any conditions that in their judgment may constitute violations of the FDCA, cGMP or other regulations
GCP	Good Clinical Practice
GERD	Gastroesophageal reflux disease
GI	Gastro-Intestinal
GPO	Group Purchasing Organization
Health Insurance Marketplaces	Websites or online portals offering services that helps people shop for and enroll in affordable health insurance, including the Marketplace operated by the U.S. federal government operates the Marketplace, available at HealthCare.gov, for most states. Some states run their own Marketplaces
hot products	Radiopharmaceutical hot products include any product that is radioactive at the time of shipment from the manufacturing location
IND	Investigational New Drug
I-131	Iodine-131
JDI Montreal Facility	Our manufacturing facility located in Kirkland, Montreal, Canada for production of our radiopharmaceutical hot products and cold products
keV	kilo-electron volt
KFDA Korea	Korea Food and Drug Administration
KSM	Key Starting Materials
Lean Six Sigma	Methodology aimed at reducing an organization's costs and improving operational efficiency through the reduction of waste. In the context of our business, this means focusing on yield improvement, capacity expansion, reductions in solvent cost and qualify failures, OPE improvement, lean office improvement and energy cost reduction
lifestyle driven therapeutic areas	Diseases or causes of diseases that are rooted in lifestyle choices including nutrition and physical activity, stress, environmental exposures and genetic influences
lyophilization	A freeze drying process in which water is removed from a product after it is frozen and placed under a vacuum, allowing the ice to change directly from solid to vapor without passing through a liquid phase
lyophilizer	A freeze-dry system used to remove solvent from frozen samples
MAA	Macro Aggregates of Albumin
market withdrawal	Voluntary removal or correction of a distributed product which involves a minor violation that would not be subject to legal actions by the USFDA or which involves no violation
MCC South Africa	The Medicines Control Council—South Africa
MDP	Methyl Diphosphonate
Medicaid	The United States national social healthcare program for citizens with limited resources, which is a means tested program administered and funded jointly by the United States federal government and individual states
Medicare	The United States national healthcare social insurance plan administered by the United States federal government since 1968 that provides limited health insurance to United States citizens over age 65 and other citizens who are legally disabled and under age 65

Medicare Part B	Medical insurance that is part of Medicare, covering medically necessary services and preventative services
Medicare Part D	Medicare's insurance program for prescription drugs
mIBG	meta-Iodobenzylguanidine
MPI	Myocardial perfusion imaging
Nanjangud Facility	Our API manufacturing facility in Nanjangud, Karnataka, India
NDA	New Drug Application, being an application to the USFDA containing data from specific technical viewpoints for review, including chemistry, pharmacology, medical, biopharmaceutics, and statistics. If the NDA is approved, the product may be marketed in the United States
NDC	National Drug Code, a unique, three-segment number, which serves as a universal product identifier for drugs
NDDS	Novel Drug Delivery System
NIH	National Institute of Health
OCL	Ointment, Cream and Liquid
ophthalmics	A drug product, which should be sterile, to be applied to the eyelid or instilled in the eye
parenteral	Non-oral administration, primarily by way of injection
PBM	Pharmacy benefit manager
PET	Position Emission Tomography. Similar to SPECT, PET also produces three dimensional images of the distribution of radioactive materials. However, PET scans map the locations of the photons in the human body. The scan uses a special dye containing radioactive tracers which is then absorbed by the organs or tissues. The scan can measure the blood flow, oxygen level, glucose level, among others. PET radiopharmaceuticals have shorter half-life and decay producing positrons. PET radiopharmaceuticals include Fludeoxyglucose (18F-FDG), Rubidium (Rb-82), Carbon-11 Choline, Florbetapir-18, Nitrogen-13 Ammonia and Palladium-103
pharmacovigilance	Activities relating to the detection, assessment, understanding and prevention of adverse effects or any other drug-related problem
Pharmexcil	Pharmaceutical Export Promotion Council (India)
PMDA Japan	Pharmaceuticals and Medical Devices Agency—Japan
Phase II	Phase II clinical trials typically involve studies in a limited patient population to identify possible adverse effects and safety risks, to evaluate preliminarily the efficacy of the agent for specific targeted diseases and to determine dosage tolerance and optimal dosage and schedule
Phase III	Phase III clinical trials typically involve studies undertaken to further evaluate dosage, clinical efficacy and safety in an expanded patient population at geographically dispersed clinical study sites. Such studies are intended to collect sufficient safety and effectiveness data to support the NDA for USFDA approval
Phase IV	Phase IV clinical trials and surveillance to monitor the safety and efficacy of the product candidate
Quality by Design (QbD)	Quality by Design is a statistical tool which is deployed for ensuring robust product development. AS a back-up a report on any product can be furnished
R&D	Research and Development

Rb-82	Rubidium-82
RbES	Ruby® Rubidium Elution System
REMS	Risk Evaluation and Mitigation Strategy, being a drug safety program that the USFDA can require for certain medications with serious safety concerns to help ensure the benefits of the medication outweigh its risks
Roorkee Facility	Our solid dosage formulations manufacturing facility in Roorkee, Uttarakhand, India
SAHPRA	South African Health Products Regulatory Authority
Salisbury Facility	Our solid dosage formulations manufacturing facility in Salisbury, Maryland, United States
section 505(b)	Section 505(b) of the FDCA, which sets out new drug application and approval pathways in the United States
serialization	A comprehensive system used in the pharmaceutical industry to track individual products using a unique serial number from the manufacturer through to the end user, such serial number would provide information including the product's origin, production batch and expiry date
SPECT	Single photon emission computed tomography. SPECT imaging produces three dimensional images of the distribution of radioactive materials introduced into the patient's body. SPECT imagers come with gamma camera detectors that are used to detect gamma ray emissions from tracers injected into the patients. Radiopharmaceuticals used in SPECT scanning have relatively longer half-lives. SPECT radiopharmaceuticals include Technetium-99 (Tc-99m), Thallium-201 (TI-201), Gallium-67 (Ga-67), Iodine (I-123, I-125), Rhenium (Re-186), Yttrium (Y-90) and Indium-111
Spokane Facility	Our CMO manufacturing facility in Spokane, Washington, United States
Sr-82	Strontium-82
stereo-selective synthesis	A chemical reaction (or reaction sequence) in which one or more new elements of chirality are formed in a substrate molecule and which produces the stereoisomeric (enantiomeric or diastereoisomeric) products in unequal amounts
Suitability Petition	An ANDA Suitability Petition is submitted by prospective ANDA applicants requesting permission to submit an ANDA for a generic drug product that differs from a reference listed drug (RLD) in its route of administration, dosage form, or strength or that has one different active ingredient in a fixed-combination drug product (i.e., a drug product with multiple active ingredients). A Suitability Petition allows a prospective ANDA applicant to get a waiver to submit a 505(j) ANDA even if the product does not meet the usual 505(j) criteria. This requires justification and data as to why the applicant believes this is justified and such justification is submitted to the USFDA. The USFDA statutorily should review in six months but this can, and often, takes much longer. The RLD holder can provide a response to the USFDA on suitability questions for the USFDA's consideration. The incentive for an applicant to file a Suitability Petition is the less expensive filing fee and development expense and time even though the drug differs from the RLD.
Tc99m	Line of lyophilized Technetium 99m
TGA Australia	Therapeutic Goods Administration—Australia

Therapeutic radiopharmaceuticals	Radioimmunotherapy agents, also referred to as radioimmunopharmaceuticals are subset of targeted therapeutics and immune-conjugant therapies. Radioimmunotherapy agents include Iodine (1-131), Yttrium (90Y), Samarium (Sm-153), Strontium(89 Sr), Rhenium (186Re), Lutetium (Lu-177) and Erbium (169Er)
Type I product recall	A designation by Health Canada indicating a situation in which there is a reasonable probability that the use of, or exposure to, a product will cause serious adverse health consequences or death
UKMHRA	Medicines and Healthcare Products Regulatory Agency—United Kingdom
USDA	The United States Department of Agriculture
USFDA	United States Food and Drug Administration
USFTC	The Federal Trade Commission in the United States
USITC	United States International Trade Commission
USPC	U.S. Pharmacopeial Convention
untitled letter	A letter issued by the USFDA for violations that may not meet the threshold of regulatory significance for a warning letter and request correction of the violations. Unlike a warning letter, an untitled letter does not include a statement that warns the individual or firm that failure to promptly correct the violation may result in enforcement action
Warning Letter	A letter from the USFDA notifying a manufacturer about violations of "regulatory significance" that the USFDA has documented during its inspections or investigations and setting out what the manufacturer must do to correct the problem, including providing directions and a timeframe for the manufacturer to inform the USFDA of its plans for correction
505(b)(2)	A 505(b)(2) application is one for which one or more of the investigations relied upon by the applicant for approval were not conducted by or for the applicant and for which the applicant has not obtained a right of reference or use from the person by or for whom the investigations were conducted

SUMMARY

This summary must be read as an introduction to this Offering Memorandum and is provided as an aid to investors when considering whether to invest in the Notes, but is not a substitute for the Offering Memorandum. Any decision to invest in the Notes should be based on a consideration of the Offering Memorandum as a whole. You should carefully read the entire Offering Memorandum, including the statements in "Risk Factors" and our consolidated financial statements and the notes thereto included elsewhere in this Offering Memorandum, before making an investment decision.

Overview

We are a global integrated pharmaceutical company offering a wide range of products and services to our customers across geographies. We organize our business into two segments, namely, Specialty Pharmaceuticals, comprising radiopharmaceuticals (including radiopharmacies), contract manufacturing of sterile injectables and non-sterile products ("**CMO**") and allergy therapy products, and Generics & APIs, comprising solid dosage formulations and active pharmaceutical ingredients ("**APIs**"). Specialty Pharmaceuticals accounted for close to two-thirds of our total revenue from operations for the financial year ended March 31, 2018, and Generics & APIs accounted for the remainder. As at December 31, 2018, we supplied our products and services to customers in over 80 countries. North America, where a majority of our customers are based, accounted for a significant portion of our total revenue from operations for the financial year ended March 31, 2018. We have four manufacturing facilities in North America and two in India, coupled with research and development ("**R&D**") centers in North America and India. In addition, we have a distribution network of more than 50 radiopharmacies in the United States. All of our manufacturing facilities are registered with the USFDA and Health Canada, among other regulatory bodies, and all of our radiopharmacies are licensed by state boards of pharmacy in each applicable jurisdiction. As previously announced on July 30, 2018, we are evaluating the option of fundraising through an initial public offering.

A summary of our business segments is outlined below:

- *Specialty Pharmaceuticals*
  - *Radiopharmaceuticals*—We develop, manufacture, distribute and market diagnostic imaging and therapeutic radiopharmaceutical products. According to Frost & Sullivan, we are the third largest radiopharmaceutical manufacturer in the nuclear medicine industry for the United States based on revenue. We have a strong portfolio of differentiated products used in the diagnosis, treatment and monitoring of various diseases. Clinical applications for our radiopharmaceutical products include cardiology, oncology, endocrinology (thyroid diagnostic imaging and therapy), pulmonology (lung perfusion and ventilation scans), renal (kidney), neurology (brain), infection imaging (leukocyte labeling) and bone imaging. Our radiopharmaceuticals business has a well-established base in North America and is also expanding in Latin America, Europe and Asia. In North America, we have a United States Food and Drug Administration ("**USFDA**") and Health Canada approved manufacturing facility located in Kirkland, Montreal, Canada for production of our radiopharmaceutical hot products as well as cold products ("**JDI Montreal Facility**"), and a nationwide commercial radiopharmacy distribution network in the United States. We acquired the network in September 2017 to strengthen our radiopharmaceutical distribution capabilities. According to Frost & Sullivan, our distribution network is the second largest centralized commercial radiopharmacy network in the United States with a national footprint of more than 50 radiopharmacies across 22 states. Our radiopharmaceutical customers include third party commercial radiopharmacy networks and our own radiopharmacies, group purchasing organizations ("**GPOs**") and regional networks, standalone imaging centers, hospitals and cardiologists in the United States, leveraging our radiopharmaceutical capabilities for end-to-end customer service in the United States.
  - *Contract Manufacturing of Sterile Injectables and Non-Sterile Products (CMO)*—We are an integrated contract manufacturer with a broad range of capabilities, which includes developing and producing sterile injectables and non-sterile products. We believe we have predictability and stability in our CMO business underpinned by long-term contracts we have entered into with such customers. We focus on the delivery of clinical and commercial fill and finish services for sterile parenteral pharmaceuticals, utilizing both liquid and lyophilization capabilities. Additional capabilities include the manufacture of sterile and non-sterile ophthalmics, ampoules, creams, ointments and liquids. Our key markets for sterile injectables and non-sterile products are North America and Europe. Our CMO manufacturing facilities are located in Spokane, Washington, United States ("**Spokane Facility**") and Kirkland, Montreal, Canada ("**CMO Montreal Facility**"), both of which have obtained USFDA and Health Canada certifications for their manufacturing

processes. Our customer base includes leading innovative pharmaceutical companies in the United States, as well as other companies and organizations in the pharmaceutical and biotechnology industries in North America, Europe and Asia. We contract manufacture cold kits at our CMO Montreal Facility to support our radiopharmaceutical products.

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

- *Generics & APIs*

  - *Solid Dosage Formulations*—We are engaged in the development, manufacture, sale and distribution of prescription generic pharmaceutical products principally in the United States, and with a growing presence in Europe, Canada, Japan, Australia, as well as the rest of the world. We focus primarily on the manufacture and sale of solid dosage formulations for Cardiovascular System ("**CVS**"), Central Nervous System ("**CNS**"), Gastro-Intestinal ("**GI**") and anti-allergy therapeutic categories. According to Frost & Sullivan, we are one of the market leaders in the United States, based on our market share of several key products. As at December 31, 2018, in the United States, we had 28 commercialized solid dosage formulations available. We also have a strong pipeline of products pending approval in a number of jurisdictions. For example, in the United States, since we commenced operations through to December 31, 2018, we have made a total of 96 abbreviated new drug application ("**ANDA**") filings for solid dosage formulations, of which 35 are pending approval. Our solid dosage formulations business derives benefit from backward integration into our API business and we have two manufacturing facilities for solid dosage formulations, one located in Salisbury, Maryland, United States ("**Salisbury Facility**") and the other located in Roorkee, Uttarakhand, India ("**Roorkee Facility**"), both of which are registered with the USFDA and Health Canada.

  - *Active Pharmaceutical Ingredients (APIs)*—We develop and produce APIs in the therapeutic areas of the CVS, CNS, GI, anti-infectives and anti-depressants. According to Frost & Sullivan, we are one of the global suppliers for several key API products based on market share. Approximately 80% of our commercialized portfolio is in lifestyle driven therapeutic areas such as CVS and CNS, catering to an increasing incidence of lifestyle-related medical conditions or non-communicable diseases including cardiac ailments and seizures. Our APIs are produced at manufacturing plants in our facility in Nanjangud, Karnataka, India ("**Nanjangud Facility**"). As at December 31, 2018, we had 39 commercialized APIs available globally and had filed 94 Drug Master Files ("**DMFs**") in the United States. Our APIs are exported worldwide, into emerging as well as developed markets. Our key markets are North America, South America, Europe, Japan, Korea, Commonwealth of Independent States (CIS) countries, the Middle East and Australia. According to our internal estimates, we believe approximately 60.0% of our sales are to regulated markets, namely, the United States, Europe and Japan. Our APIs are primarily sold to manufacturers of formulations of generic drugs and used in our solid dosage formulations business line. Approximately 15% of our APIs we produce are used in-house for the manufacturing of solid dosage formulations by the Group.

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

	Financial Year Ended March 31				Nine Months Ended December 31			
	2017		2018		2017		2018	
	(US$ thousands)	(%)	(US$ thousands)	(%)	(US$ thousands)	(%)	(US$ thousands)	(%)
Specialty Pharmaceuticals								
Radiopharmaceuticals	121,602.4	26.4	265,060.6	42.8	176,663.2	41.4	267,944.6	47.6
Contract Manufacturing of Sterile Injectables and Non-Sterile Products (CMO)	88,740.6	19.3	100,863.4	16.3	66,847.6	15.7	81,630.6	14.5
Allergy Therapy Products	36,350.9	7.9	43,598.8	7.0	32,421.5	7.6	38,066.5	6.8
Sub-total Specialty Pharmaceuticals	**246,694.0**	**53.6**	**409,522.9**	**66.1**	**275,932.3**	**64.7**	**387,641.6**	**68.9**
Generics & APIs								
Solid Dosage Formulations	121,992.8	26.4	123,540.8	20.0	88,854.7	20.8	109,629.9	19.4
Active Pharmaceutical Ingredients (APIs)	91,885.4	20.0	86,101.9	13.9	61,973.4	14.5	65,587.4	11.7
Sub-total Generics & APIs	**213,878.1**	**46.4**	**209,642.7**	**33.9**	**150,828.2**	**35.3**	**175,217.2**	**31.1**
Revenue from operations (net)	**460,572.1**	**100.0**	**619,165.6**	**100.0**	**426,760.4**	**100.0**	**562,858.8**	**100.0**

Competitive Strengths

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

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

Radiopharmaceuticals. According to Frost & Sullivan, we are one of the leading integrated players in the U.S. market that develops, manufactures, distributes and markets radiopharmaceutical products and are the third largest radiopharmaceutical manufacturer in the nuclear medicine industry for the United States based on revenue. We believe we are well-positioned in the high value niche segment of radiopharmaceuticals, offering quality diagnostic imaging and therapeutic radiopharmaceutical products. We specialize in lung, thyroid, bone and cardiac imaging products as well as thyroid disease therapy. For diagnostics, our key products include MAA and DTPA, both of which we have a 100% market share in the United States, according to Frost & Sullivan. For therapeutics, our key products include Iodine-131 ("**I-131**"), of which we are one of only three manufacturers globally, according to Frost & Sullivan.

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

Contract Manufacturing of Sterile Injectables and Non-Sterile Products (CMO). We are fully integrated, providing a broad range of capabilities including sterile liquids and lyophilized products, ointments, creams, lotions (OCL) and biologics. We serve seven of the top 20 pharmaceutical companies globally (based on revenue, according to Frost & Sullivan). We have an established market position in the sterile injectables and non-sterile products markets globally, with deep and long-term relationships with our top 10 customers, who include some of the leading innovative pharmaceutical companies. For example, as at December 31, 2018, our top 10 customers have been with us for at least five years, and six of our top 10 customers have been with us for over 10 years. We believe we have predictability in our CMO business as supported by our consistently strong order book with recurring orders from long-standing customers and as a result of long-term contracts we have

entered into with certain customers. With our North American-based manufacturing operations, we benefit from being geographically close to our customers, a majority of which are located in North America. We expect to further benefit from barriers to entry in this segment, including the level of technical expertise required to develop products, obtain licensing and regulatory approvals and manufacture of such products. In particular, there is a growing demand for sterile injectables capabilities, which generally involve complex processes, and we believe we are one of a limited number of manufacturers with the requisite know-how. Accordingly, we expect to be able to continue to increase our market share for sterile injectables and non-sterile products as a result of our proven regulatory track record with the USFDA, Health Canada, Medicines and Healthcare Products Regulatory Agency in the United Kingdom ("**UKMHRA**"), Korea Food and Drug Administration ("**KFDA Korea**"), Agência Nacional de Vigilância Sanitária of Brazil ("**ANVISA Brazil**") and Pharmaceuticals and Medical Devices Agency in Japan ("**PMDA Japan**"), our expertise in multi-mode contract manufacturing and our broad range of capabilities.

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

Solid Dosage Formulations. We believe we have a strong product portfolio. According to Frost & Sullivan, we are one of the market leaders in the United States based on market share of several key products, namely, prochlorperazine, methylprednisolone, prednisone, olanzapine ODT, donepezil and pantoprazole. We focus primarily on the manufacture and sale of solid dosage formulations for CVS, CNS, GI and anti-allergy therapeutic categories. As at December 31, 2018, we had 54 commercialized generic solid dosage formulations products across the United States, Europe, Canada, Australia and the rest of the world. We have capabilities in multiple dosage forms and our solid dosage formulations business derives benefit from backward integration into our API business, supported by our in-house R&D facilities for formulation development, and extensive regulatory filings capabilities and cost effective manufacturing. These capabilities allow us to flexibly target attractive product development opportunities. In the United States, since we commenced operations through to December 31, 2018, we have made a total of 96 ANDA filings for solid dosage formulations, of which 35 are pending approval. Additionally, our in-house API capability allows us to better control the development of certain products from formulation through commercialization and provides a stable source of API supply for these products at competitive prices.

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

Diverse sources of revenue with a de-risked business model

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

Products and Product Supply. As at December 31, 2018, we had a diversified product portfolio including diagnostic and therapeutic radiopharmaceuticals, a broad range of sterile injectables and non-sterile products, over 200 different allergens and standard allergy vaccine mixtures, 54 commercialized generic solid dosage formulations and 39 commercialized APIs sold across markets globally. As a result of our diversified product portfolio, we benefit from diversified revenues between two differentiated business segments. Our Specialty Pharmaceuticals business segment, largely catering to the U.S. market, contributed 66.1% of our total revenues from operations for the financial year ended March 31, 2018, while our Generics & APIs business segment, which focuses on developing limited competition products, contributed 33.9% of our total revenue from operations for the financial year ended March 31, 2018. Our top 10 products by revenue contributed 39.4% and 39.4% of our total revenue from operations for the financial year ended March 31, 2018 and the nine months ended December 31, 2018, respectively, and our top product contributed 13.6% and 11.6% to our total revenue from operations for the financial year ended March 31, 2018 and the nine months ended December 31, 2018, respectively. No other product represented more than 10% of total revenue from operations for the financial year ended March 31, 2018 and the nine months ended December 31, 2018.

Customers. We have a broad and diversified customer base across each of our five business lines. For the financial year ended March 31, 2018 and the nine months ended December 31, 2018 we derived 33.8% and 31.1%, respectively, of our total revenue from operations from our top 10 customers (excluding GPOs but including customers purchasing goods and services through such GPOs). For the financial year ended March 31, 2018 and the nine months ended December 31, 2018, save for one customer, none of the top 10 customers of the Group contributed more than 5% of the total revenue.

Geographic diversification. We had sales in over 80 countries as at December 31, 2018. Revenues from North America, Europe, Asia and rest of the world contributed 82.0%, 8.9%, 5.6% and 3.6%, respectively, of our revenue from operations for the nine months ended December 31, 2018. We believe that our established footprint in stable and regulated markets such as North America demonstrates the sustainability of our revenue generation and margins going forward.

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

Strong product pipeline with deep R&D capabilities

We believe we are well-positioned for future growth with a strong pipeline of products under development and across all of our business lines. As at December 31, 2018, two of our radiopharmaceutical products have received 505(b)(2) approvals from the USFDA, namely Drax Exametazime™ and RUBY-FILL® Rubidium Rb82 Generator and Elution System. In addition to Drax Exametazime™ and RUBY-FILL® Rubidium Rb82 Generator and Elution System, our radiopharmaceuticals business line is in the process of developing certain products such as I-131 meta-Iodobenzylguanidine ("**mIBG**") for which we plan to make an New Drug Application ("**NDA**") filing. In addition, we have eight other products in different stages of development for which we may consider making 505(b)(2) filings. For allergy therapy products, subject to the completion of relevant approvals from the United States Department of Agriculture ("**USDA**"), we plan to register our venom products and allergenic extracts for use in animals. We also have a strong pipeline in our Generics & APIs business segment and since we commenced operations through to December 31, 2018, for solid dosage formulations we have filed

96 ANDAs in the United States, of which 35 ANDAs are pending approval, and for APIs, we have filed 94 DMFs in the United States. A filed DMF will be reviewed by the USFDA when it is referred to in the ANDA filings of drug manufacturers. As at December 31, 2018, for solid dosage formulations, we have made a total of 23 product filings in Canada, of which one is pending approval, 34 product filings in Europe, of which two are pending approval and 42 product filings in the rest of the world, of which seven are pending approval. In addition, as at December 31, 2018, for sterile injectables, we have filed 15 ANDAs (inclusive of 11 ANDAs for radiopharmaceuticals), of which two ANDAs are pending approval in the United States, 16 product filings in Canada, four product filings in Europe, of which one is pending approval and nine product filings in the rest of the world.

Our captive value chain in our business lines and our large scale of production allow us to build and retain leadership through product innovation and new product launches. Our R&D continues to lead to new, innovative processes and new knowledge-driven products that increase the efficiencies of our production and allow us to capitalize on opportunities for growth in competitive markets. We have R&D centers located in North America and India and, as at December 31, 2018, we employed a team of over 400 R&D professionals with expertise in the development of non-infringing processes for APIs and solid dosage formulations, as well as specialized and/or niche formulations and designs for radiopharmaceuticals and other products, which have been taken to commercialization. As at December 31, 2018, we have been granted patents for intellectual property in various countries for innovation, including 19 active patents granted relating to APIs in a number of different countries, five active patents granted relating to solid dosage formulations in a number of different countries, 123 active patents granted relating to radiopharmaceutical products in a number of different countries and one active patent granted relating to allergy therapy products in the United States giving us in-house radiopharmaceutical distribution capabilities, thereby reducing our reliance on third party radiopharmaceutical distributors.

Global competitive edge due to integrated and efficient manufacturing operations

Integration across the value chain enables us to benefit from cost competitiveness advantages and better capacity utilization due to captive demand. We believe our large scale capacity manufacturing sites in India provide us with cost advantages in terms of wages and raw materials prices as compared to many of our global competitors, as well as economies of scale. In addition, by virtue of our integrated operations, we believe that we enjoy competitive advantages in the form of cost efficiencies by producing across the value chain, thereby reducing our dependence on third parties for supply of feedstock and helps to insulate us from significant volatility in raw materials prices. The APIs from our manufacturing facilities are used for solid dosage formulations under our generics business. For the financial year ended March 31, 2018 and the nine months ended December 31, 2018, approximately 15% of our APIs we produce are used in-house for manufacturing of solid dosage formulations, which accounts for approximately 35% of the APIs used in such solid dosage formulations manufactured by the Group. Such integration between our solid dosage formulations and API business lines, allows us to continuously improve our cost of production. Multiple products in our radiopharmaceuticals and allergy therapy products business lines are manufactured in our CMO facilities. For example, our CMO Montreal Facility is used to manufacture cold products (non-radioactive products that may be later complexed with radioisotopes) such as DRAXIMAGE® MAA and DRAXIMAGE® MDP-25 for our radiopharmaceuticals business line, and our Spokane Facility is used to manufacture products for our allergy therapy products business line. Additionally, our radiopharmaceutical products are distributed through our network of more than 50 radiopharmacies.

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

were inspected by Health Canada (JDI Montreal Facility and Nanjangud Facility (joint inspection with the USFDA as described above)).

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

Our revenue from operations was US$460.6 million and US$619.2 million, respectively, for the financial years ended March 31, 2017 and 2018. Our profit for the year was US$50.3 million and US$49.1 million, respectively, for the financial years ended March 31, 2017 and 2018. From the financial year ended March 31, 2017 to the financial year ended March 31, 2018, our Adjusted EBITDA has grown at a CAGR of 9.0% and our Adjusted EBITDA and Adjusted EBITDA Margin for the financial year ended March 31, 2018 was US$151.5 million and 24.5%, respectively. Our share of revenues and Segmental Adjusted EBITDA attributable to Specialty Pharmaceuticals has increased, accounting for 53.6% and 66.1% of our total revenue from operations, and 72.4% and 91.0% of our total Adjusted EBITDA, in the financial years ended March 31, 2017 and 2018, respectively.

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

Strong acquisitions and integration capabilities with a proven track record

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

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

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

health and safety, many of whom hold advanced educational degrees in their area of expertise. These professionals have generally worked at other pharmaceutical, healthcare or chemical companies, including large global companies and companies listed in the United States. Our management team is supported and guided by prudent financial policies with respect to leveraging and capital structure, investments, dividends and hedging in addition to corporate governance policies. We believe our experienced management team has contributed to our past success.

Business Strategies

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

Continue to strengthen leadership positions in our key business segments

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

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

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

Contract Manufacturing of Sterile Injectables and Non-Sterile Products. Due to consolidation activities across the CMO space and our compliant regulatory status, we have seen an influx of new clients at both our Spokane, Washington, United States and Montreal, Canada sites, which creates opportunities for us to capture greater market share. We believe we are in a position to grow the CMO business by continuing to focus our efforts on strengthening our industry position by enhancing; and expanding our capacity, including through focusing on consistent and "first time right" customer service, extending and deepening our relationships with leading innovator pharmaceutical companies; focusing on long term high value contracts; building new customer relationships including identifying new customer targets for ampoules, semi-solids and non-sterile liquids, finding opportunities to strategically extend our product portfolio, and evaluating opportunities for new product launches. We are also exploring opportunities to increase capacity by reducing unutilized production capacities and establishing new lines within our current capabilities, including lyophilization. In addition, we plan to expand capacities through debottlenecking. De-bottlenecking and operating our Spokane Facility on a 3-shift, 7-day basis enables us to increase capacity to achieve greater sales volume. In this regard, we have initiated plans to increase available capacity at our Spokane Facility by approximately 25% based on currently identified

initiatives, including running our production lines 24/7. Our production efficiency measures are also aimed to increase our product filing yield and reduce the time cycle between product releases.

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

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

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

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

We aim to be closer to our customers to provide them with high quality products and services. We have established strong and long-standing customer relationships across our business lines and we intend to capitalize on the strength of these relationships to create and pursue additional growth opportunities. As at December 31, 2018, approximately 70% of our assets, including our four manufacturing facilities in North America (Spokane Facility, CMO Montreal Facility, JDI Montreal Facility and Salisbury Facility), our network of more than 50 radiopharmacies and the Group's non-current assets, were based in North America in order to better serve our customers, a majority of which are based in North America. North America accounted for 80.1% and 82.0% of our total revenue from operations for the financial year ended March 31, 2018 and the nine months ended December 31, 2018. We will continue to leverage the insights we have gained from successfully bringing products to market in the highly regulated U.S. market to launch products in other markets like Europe, Japan, Australia and other emerging markets. However, we expect revenues and profitability in North America will continue to account for a significant portion of our future consolidated revenues as we continue to focus on growth in North America.

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

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

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

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

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

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

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

We have historically grown our business through a series of organic and inorganic initiatives. For example, we completed the acquisition of our Nanjangud Facility, followed by multiple acquisitions in the United States, Canada and Europe. Most recently, in September 2017, we acquired substantially all of the assets which comprised Triad's radiopharmacy business. While we remain focused on driving the growth of our business organically, we intend to continue to pursue sizeable, strategic acquisitions to further strengthen our portfolio, gain competitive advantage, consolidate leadership positions and accelerate growth within our existing business lines, and achieve higher than industry growth. These opportunities may include, among others: (i) expanding the radiopharmacy sales and distribution network in the United States and Canada through strategic and selective acquisitions, (ii) expanding manufacturing capacity and capabilities through the addition of new sites to further strengthen the radiopharmaceutical product portfolio focused on the North American market, and (iii) acquiring manufacturing sites in India to support our Generics & APIs business segment. We have a dedicated team in place to identify these opportunities and a rigorous and financially disciplined process for evaluating, executing and integrating such acquisitions. At this time, we have not entered into any agreement or commitment with respect to any material acquisitions or investments but we continue to explore suitable opportunities.

THE OFFERING

The summary below describes the principal terms of the Offering. Certain of the terms and conditions described below are subject to important limitations and exceptions. The "Description of the Notes" section of this Offering Memorandum contains a more detailed description of the terms and conditions of the Notes, including the definitions of certain terms used in this summary.

Issuer	Jubilant Pharma Limited (the "**Company**")
Notes Offered	US$200,000,000 aggregate principal amount of Senior Notes due 2024
Issue Price	100.00%
Issue Date	March 5, 2019
Maturity Date	March 5, 2024
Interest Rate	6.00%
Interest Payment Dates	Interest on the Notes will be payable semi-annually in arrears on March 5 and September 5 of each year, commencing on September 5, 2019. Interest will accrue from the Issue Date.
Form and Denomination	The Company will issue the Notes on the Issue Date in global form in minimum denominations of US$200,000 and in integral multiples of US$1,000 in excess thereof, maintained in book-entry form. Notes in denominations of less than US$200,000 will not be available.
Ranking of the Notes	The Notes will be general obligations of the Company and will: • rank equally in right of payment with any existing and future indebtedness of the Company that is not subordinated in right of payment to the Notes, including the Existing Senior Notes; • rank senior in right of payment to any existing and future indebtedness of the Company that is subordinated in right of payment to the Notes; • be effectively subordinated in right of payment to any existing and future indebtedness of the Company that is secured by liens, to the extent of the value of the assets securing such indebtedness; and • be effectively subordinated to all existing and future obligations of the Company's subsidiaries.
Use of Proceeds	The Company estimates that the net proceeds it will receive from the sale of the Notes pursuant to the Offering will be approximately US$198.6 million after deducting the underwriters' commissions and estimated offering expenses in connection with the issue of the Notes. The Company intends to apply the net proceeds as described in "*Use of Proceeds*".
Optional Redemption	The Company may: • redeem the Notes, in whole or in part, at any time on or after March 5, 2022, at the redemption prices described in this Offering Memorandum under the caption "*Description of the Notes—Optional Redemption*" plus accrued and unpaid interest, if any, to the date of redemption; • redeem all or a portion of the Notes at any time prior to March 5, 2022, at a redemption price equal to 100% of the principal amount of such Notes plus the Applicable Redemption Premium as of, and accrued and unpaid interests and additional amounts, if any, to the date of redemption; and • in addition, prior to March 5, 2022, the Company may redeem, at its option, up to 35% of the Notes with the net proceeds from

	certain equity offerings at the redemption price set forth in this Offering Memorandum. See "*Description of the Notes—Optional Redemption*".
Tax Redemption	If certain changes in the law of any relevant taxing jurisdiction become effective, the Company may redeem the Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption. See "*Description of the Notes—Redemption for Taxation Reasons*".
Additional Amounts	All payments made by or on behalf of the Company in respect of the Notes will be made without withholding or deduction for any taxes or other governmental charges, except to the extent required by law. If such withholding or deduction is required by law in any relevant taxing jurisdiction, subject to certain exceptions, the Company will pay additional amounts so that the net amount each holder of the Notes receives is no less than that which the holder would have received in the absence of such withholding or deduction. See "*Description of the Notes—Additional Amounts*".
Change of Control	Upon the occurrence of certain change of control events, the Company will be required to offer to repurchase the Notes at a purchase price equal to 101% of their aggregate principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of such repurchase. See "*Description of the Notes—Repurchase of Notes Upon a Change of Control*".
Certain Covenants	The Indenture governing the Notes will, among other things, restrict the ability of the Company and its Restricted Subsidiaries to: • incur additional indebtedness and issue preferred stock; • make investments or other specified restricted payments; • enter into agreements that restrict the Restricted Subsidiaries' ability to pay dividends and transfer assets or make inter-company loans; • issue or sell capital stock of Restricted Subsidiaries; • enter into transactions with shareholders or affiliates; • create liens; • enter into sale and leaseback transactions; • sell assets; • engage in different business activities; or • effect a consolidation or merger. Each of the covenants is subject to significant exceptions and qualifications. See "*Description of the Notes—Certain Covenants*". Under the circumstances described under "*Description of the Notes—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries*," the Company will be permitted to designate certain of its future Subsidiaries as Unrestricted Subsidiaries. The Company's Unrestricted Subsidiaries will not be subject to the restrictive covenants in the Indenture. On the Issue Date, none of the Company's Subsidiaries will be Unrestricted Subsidiaries.
Ratings	The Notes have been provisionally rated "BB-" by Standard & Poor's Ratings Services ("**S&P**") and "BB" by Fitch Inc. ("**Fitch**"). A credit rating is not a recommendation to buy, sell or hold securities and may

	be subject to revision, suspension or withdrawal at any time by the relevant rating organization. Prospective investors should evaluate each rating independently of any other rating of the Notes or other securities of the Company.
Transfer Restrictions	The Notes have not been, and will not be, registered under the laws of the United States. The Notes are subject to restrictions on transfer and may only be offered or sold in transactions that are exempt from or not subject to the registration requirements of the U.S. Securities Act or, in case of Notes offered or sold to investors that are resident in a member of the European Economic Area, the Notes may be offered and sold only to qualified investors. See "*Plan of Distribution—Selling Restrictions*" and "*Transfer Restrictions*".
No Established Public Market of the Notes	The Notes will be new securities for which there will be no established trading market. Accordingly, there can be no assurances as to the development or liquidity of any market for the Notes.
Listing	Approval-in-principle has been received for the listing of the Notes on the SGX-ST. The Notes will be traded on the SGX-ST in a minimum board lot size of US$200,000 for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Company shall appoint and maintain a paying agent in Singapore, where such Notes may be presented or surrendered for payment or redemption, in the event that the Global Certificate representing such Notes is exchanged for definitive certificates. In addition, an announcement of such exchange will be made by us or on our behalf through the SGX-ST. Such announcement will provide details of such exchange, including all material information with respect to the delivery of the definitive certificates or, as the case may be, certificates including details of the paying agent in Singapore.
Governing Law	The Indenture and the Notes will be governed by and construed in accordance with the laws of the State of New York.
Trustee and Paying Agent	The Bank of New York Mellon, London Branch
Registrar and Transfer Agent	The Bank of New York Mellon SA/NV, Luxembourg Branch
Risk Factors	Investing in the Notes involves substantial risks. Prospective investors should refer to "*Risk Factors*" beginning on page 17 for a discussion of certain factors that they should carefully consider before deciding to invest in the Notes.

SUMMARY CONSOLIDATED FINANCIAL AND OTHER INFORMATION

You should read the summary consolidated financial information presented below in conjunction with our consolidated financial statements and the notes thereto included elsewhere in this Offering Memorandum. You should also read the sections in this Offering Memorandum entitled "Capitalization and Indebtedness" and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

We have derived our summary consolidated financial information presented in the tables below from our audited consolidated financial statements for the financial years ended March 31, 2017 and 2018 and our unaudited interim consolidated financial statements for the nine months ended December 31, 2017 and 2018, which are included elsewhere in this Offering Memorandum.

Our consolidated financial statements as at and for the financial years ended March 31, 2017 and 2018 included elsewhere in this Offering Memorandum, is prepared in accordance with IFRS as issued by IASB, audited by KPMG in accordance with International Standards on Auditing. Our unaudited interim consolidated financial statements as at December 31, 2018 and for the nine months ended December 31, 2017 and 2018 have been reviewed by KPMG, as stated in their review report appearing elsewhere in this Offering Memorandum.

Our consolidated financial statements are reported in U.S. dollars and prepared in accordance with IFRS.

Consolidated Summary Information of Profit or Loss and Other Comprehensive Income

	Financial Year Ended March 31		Nine Months Ended December 31	
	2017	2018	2017	2018
	(US$ thousands)			
Revenue from operations	460,572.1	619,165.6	426,760.4	562,858.8
Other income	606.0	1,669.1	471.1	6,576.6
Total income	**461,178.1**	**620,834.7**	**427,231.5**	**569,435.4**
Cost of materials consumed	(104,617.1)	(159,871.6)	(110,341.2)	(151,498.2)
Purchases of stock-in-trade	(8,339.2)	(11,150.6)	(8,045.0)	(9,229.0)
Changes in inventories of finished goods, stock-in-trade and work-in progress	10,420.3	2,232.1	7,235.4	13,440.3
Employee benefits expense	(131,587.1)	(179,923.9)	(126,111.9)	(160,275.3)
Depreciation, amortization and impairment	(31,089.1)	(55,719.5)	(25,947.6)	(29,921.1)
Other expenses	(88,142.9)	(120,667.9)	(85,903.9)	(106,547.5)
Result from operating activities	**107,823.0**	**95,733.3**	**78,117.3**	**125,404.6**
Finance income	2,125.3	4,606.8	3,472.3	3,443.8
Finance costs	(36,740.4)	(27,488.5)	(20,198.8)	(18,596.6)
Net finance costs	**(34,615.1)**	**(22,881.7)**	**(16,726.5)**	**(15,152.8)**
Profit before tax	**73,207.9**	**72,851.6**	**61,390.8**	**110,251.8**
Income tax expense	(22,947.9)	(23,734.7)	(17,788.1)	(33,251.0)
Profit for the year/period	**50,260.0**	**49,116.9**	**43,602.7**	**77,000.8**
Other comprehensive income/(loss)				
Items that will be reclassified to profit or loss				
Exchange differences on translation of foreign operations	2,707.8	6,865.4	17,831.4	(33,151.7)
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit obligations	(240.1)	(72.8)	(187.3)	(46.4)
Income tax relating to items that will not be reclassified to profit or loss	83.1	26.2	64.8	16.2
Other comprehensive income / (loss) for the year / period, net of tax	2,550.8	6,818.8	17,708.9	(33,181.9)
Total comprehensive income for the year / period	**52,810.8**	**55,935.7**	**61,311.6**	**43,818.9**

Consolidated Summary Information of Financial Position

	As at March 31		As at December 31
	2017	2018	2018
		(US$ thousands)	
Non-current assets			
Property, plant and equipment	262,522.3	278,365.9	281,134.5
Goodwill	153,002.4	168,634.1	163,679.3
Other intangible assets	125,605.9	117,320.4	109,641.9
Investments	—	—	—
Other financial assets	50,742.0	50,843.7	47,578.1
Income tax assets	94.9	1,423.0	1,329.8
Deferred tax assets (net)	24,397.6	25,760.0	23,214.4
Other non-current assets	2,754.1	4,763.3	5,973.2
Total non-current assets	**619,119.2**	**647,110.4**	**632,551.2**
Current assets			
Inventories	108,242.5	112,185.9	130,766.3
Trade receivables	95,450.9	105,942.0	101,297.4
Other financial assets	1,217.9	8,679.5	9,367.0
Income tax assets	1,390.7	910.7	1.5
Other current assets(1)	14,089.6	23,213.4	28,335.3
Cash and cash equivalents	48,409.1	27,086.5	59,609.6
Total current assets	**268,800.7**	**278,018.0**	**329,377.1**
Total assets	**887,919.9**	**925,128.4**	**961,928.3**
Equity			
Equity share capital	326,759.0	326,759.0	326,759.0
Merger reserve	(68,787.7)	(68,787.7)	(68,787.7)
Retained earnings	111,186.5	160,303.4	229,135.1
Foreign currency translation reserve	(29,087.6)	(22,222.2)	(55,373.9)
Other components of equity	(11,839.3)	(11,885.8)	(11,916.0)
Total equity attributable to owners of the Company	**328,230.9**	**384,166.7**	**419,816.5**
Non-current liabilities			
Loans and borrowings	406,191.0	394,002.3	400,277.3
Employee benefits	3,208.7	3,808.7	3,554.0
Deferred tax liabilities (net)	18,869.1	16,693.8	19,269.8
Provisions	—	2,168.8	2,182.3
Other non-current liabilities	1,494.8	1,190.5	1,032.2
Total non-current liabilities	**429,763.6**	**417,864.1**	**426,315.6**
Current liabilities			
Loans and borrowings	38,894.1	14,490.0	9,987.3
Employee benefits	12,000.5	16,956.5	16,088.4
Trade payables	50,187.2	62,176.8	65,478.3
Other financial liabilities	11,532.8	11,488.9	11,926.3
Income tax liabilities	9,188.8	9,395.3	5,470.7
Other current liabilities	8,122.0	8,590.1	6,845.3
Total current liabilities	**129,925.4**	**123,097.6**	**115,796.3**
Total liabilities	**559,689.0**	**540,961.7**	**542,111.9**
Net assets	**328,230.9**	**384,166.7**	**419,816.5**
Total equity and liabilities	**887,919.9**	**925,128.4**	**961,928.4**

Note:

(1) Includes recoverable from government authorities of US$6,159,604 and US$12,015,799 for the financial years ended March 31, 2017 and 2018 as discussed in note 8 of our consolidated financial statements included elsewhere in this Offering Memorandum. The increase in recoverable from government authorities from US$6,159,604 in the financial year ended March 31, 2017 to US$12,015,799 in financial year ended March 31, 2018 is primarily on account of GST recoverable.

Consolidated Summary Information of Cash Flows

	Financial Year Ended March 31		Nine Months Ended December 31	
	2017	2018	2017	2018
	(US$ thousands)			
Operating cash flow before working capital changes	139,595.1	151,465.3	104,081.9	152,304.9
Cash generated from operations	147,621.7	143,660.1	110,012.3	129,849.1
Net cash generated from operating activities	128,559.1	115,762.9	83,057.8	98,817.5
Net cash used in investing activities	(88,252.5)	(67,016.2)	(52,725.5)	(34,132.7)
Net cash used in financing activities	(17,970.7)	(69,902.0)	(51,039.8)	(30,551.9)
Cash and cash equivalents at the end of the year/period	48,409.1	27,086.5	28,729.4	59,609.6

Reconciliation of Profit for the Year / Period to Adjusted EBITDA

The following table reconciles our profit for the year/ period under IFRS to our definition of Adjusted EBITDA and Adjusted EBITDA Margin for the periods indicated:

	Financial Year Ended March 31		Nine Months Ended December 31	
	2017	2018	2017	2018
	(US$ thousands)			
Profit for the year/ period	50,260.0	49,116.9	43,602.7	77,000.7
Add:				
Finance costs (net)[1]	34,615.1	22,881.7	16,726.5	15,152.8
Income tax expense	22,947.9	23,734.7	17,788.1	33,251.0
Depreciation, amortization and impairment	31,089.1	55,719.5	25,947.6	29,921.1
Adjusted EBITDA	138,912.1	151,452.8	104,064.9	155,325.6
Revenue from operations (net)	460,572.1	619,165.6	426,760.4	562,858.8
Adjusted EBITDA Margin[2]	30.2%	24.5%	24.4%	27.6%

Notes:

(1) Finance costs net of finance income.

(2) Adjusted EBITDA Margin is defined as Adjusted EBITDA for the period divided by total revenues for that period.

We use Adjusted EBITDA to provide additional information about our operating performance. We define Adjusted EBITDA as profit before tax expense, finance cost, net and depreciation, amortization and impairment. Adjusted EBITDA and Adjusted EBITDA Margin are not standard measures, nor measures of financial performance or liquidity under IFRS, and should not be considered alternatives to result from operating activities, profit before tax, profit for the year/ period or any other performance measure derived in accordance with IFRS or as an alternative to cash flow from operating activities. Adjusted EBITDA and Adjusted EBITDA Margin are supplemental measures of the Group's performance that are not required by, or presented in accordance with IFRS.

As a measure of operating performance, we believe that the most directly comparable measure to Adjusted EBITDA is profit for the year/ period. We use Adjusted EBITDA in addition to profit for the year/ period because profit for the year/ period includes many accounting items associated with capital expenditures, such as depreciation, as well as certain other non-operating transactions, such as finance income and finance costs and income tax expenses. These accounting items may vary between companies depending on the method of accounting adopted by each company. By minimizing differences in capital expenditures and the associated depreciation expenses as well as reported tax positions, goodwill amortization and finance income and costs, Adjusted EBITDA provides further information about our operating performance and an additional measure for comparing our operating performance with other companies' results. Funds depicted by Adjusted EBITDA may not be available for debt service due to covenant restrictions, capital expenditure requirements and other commitments. Our calculation of Adjusted EBITDA may be different from other companies and hence may not be entirely comparable and may limit its usefulness as a comparative measure.

RISK FACTORS

This Offering Memorandum contains forward-looking statements that involve risks and uncertainties. Prospective investors should carefully consider the risks and uncertainties described below and the information contained elsewhere in this Offering Memorandum before making an investment in the Notes. In making an investment decision, each investor must rely on its own examination of us and the terms of the offering of the Notes. The risks described below are not the only ones faced by us. Our business, prospects, financial condition, cash flows and results of operations could be materially adversely affected by any of these risks. There are a number of factors, including those described below, that may adversely affect our ability to make payment on the Notes. The risks described below are not the only ones that may affect the Notes. Additional risks not presently known to us or that we currently deem immaterial may also impair our respective business, prospects, financial condition, cash flows and results of operations.

Risks Relating to Our Business

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

The manufacture of our products is technically complex and subject to regulation by various governmental authorities throughout the world. For instance, we must comply with requirements of the USFDA, Health Canada, UKMHRA, European Medicines Agency ("**EMA**"), CDSCO and Drugs Controller & Licensing Authority in India and other healthcare regulators with respect to the research, development, preclinical and clinical testing, manufacture, safety, effectiveness, record-keeping, reporting, storage, approval, labeling, sale, distribution, marketing, advertising, promotion, import and export of pharmaceutical products. In addition, because our operations include the manufacture and distribution of medical radioisotopes and other medical products, we are subject to regulation by the U.S. Nuclear Regulatory Commission (the "**NRC**"), the departments of transport of each state and the departments of health of each state in which we operate and the applicable state boards of pharmacy. The USFDA is also involved in the regulation of cyclotron facilities where PET products are produced in compliance with cGMP requirements and U.S. Pharmacopeia requirements for PET drug compounding. Failure to comply with these requirements may lead to delays in the submission or approval of potential new products for commercialization and marketing, financial penalties, compliance expenditures, the recall or seizure of products, total or partial suspension of production and/or distribution, closure of affected facilities, suspension of the applicable regulator's review of our submissions, enforcement actions, injunctions and criminal prosecution.

For example, we completed a voluntary Class III recall of batches of Bupropion in June 2018 due to quality issues. In 2016, we voluntarily conducted a Class III recall of over 1,500 bottles of glucocorticoid methylprednisolone tablets in the United States and Puerto Rico due to incorrect labelling (i.e. the incorrect expiration date of "02/0218" was printed on the container label instead of the correct expiration date of "02/2018"). In 2017, we voluntary recalled 744 bottles of meclizine hydrochloride tablets. The bottles manufactured were part of the process validation batch for process change requiring a 30-day waiting period for USFDA approval, and such bottles were inadvertently released prior to final approval from the USFDA. In May 2018, out of abundance of caution and risk to patient safety, we voluntarily recalled two lots of Valsartan due to the potential inclusion of a coarser grade of excipient during the manufacturing process. The USFDA designated these voluntary recalls as Class III recalls and efforts relating to the latter two of these Class III recalls remain ongoing. Further to the recall in May 2018, in August 2018, we voluntarily recalled 10 additional lots of Valsartan which were prepared using excipient from the same shipment as the two lots of Valsartan recalled in May 2018. In August 2018, we completed an internal investigation for one lot of Methylprednisolone tablets for failing a stability test at 18 months and initiated a voluntary product recall. The USFDA has designated these voluntary recalls as Class III and efforts relating to these voluntary recalls remain ongoing. In October 2018, we voluntarily recalled 13 batches of Pantoprazole due to discolored tablets, which has been designated by the USFDA as a Class II recall and efforts relating to this Class II recall remain ongoing. In addition, we have experienced voluntary market withdrawals in the past, including for example, 13,152 bottles of Pantoprazole Sodium Delayed-Release tablets USP, 40mg due to discolored tablets in December 2016 and 2,016 blisters of Olanzapine OD tablets, 15mg due to an incorrect National Drug Code ("**NDC**") on the shipper label in April 2018. Further, some recalls may involve markets outside of the United States. For example, in 2016, we completed a voluntary Type I product recall of two lots of DRAXIMAGE® MDP-25 kits for preparation of Technetium 99m ("**Tc99m**") Medronate Injection distributed to Canada because a glass particle was found in one of the vials distributed to Canada.

We must register our facilities, whether located in the United States or elsewhere, with the USFDA as well as regulators outside the United States, and our products must be made in a manner consistent with cGMPs or similar standards in each territory in which we manufacture. In addition, the USFDA and other agencies periodically inspect our manufacturing facilities. Following an inspection, the USFDA or other regulatory authorities may issue a Form-483 listing conditions that are observed to violate cGMP or other regulations, a Warning Letter for violations of "regulatory significance" that may result in enforcement action if not promptly and adequately corrected and/or observations which we are required to respond to. For example, our CMO Montreal Facility and Spokane Facility received Warning Letters from the USFDA in February 2013 and November 2013, respectively. Our radiopharmacy in Kansas City, United States, which we acquired in September 2017 as part of our acquisition of Triad's assets, received a Warning Letter in March 2016 prior to our acquisition. The Warning Letter in respect of the CMO Montreal Facility cited, among other things, (i) inadequate investigation and root cause analysis of batch failures, (ii) inadequate procedures for production and process control, (iii) inadequate procedural controls to address disposition of material and (iv) failure to establish criteria for sampling and testing of drug product. The Warning Letter in respect of the Spokane Facility cited, among other things, (i) inadequate written procedures and safety operating procedures, (ii) inadequate documentation of work orders, (iii) poor investigations regarding root cause analysis and (iv) failure to assure an adequate system for cleaning and disinfecting aseptic processing areas and equipment. The Warning Letter in respect of the Kansas City radiopharmacy cited, among other things, that drug products were prepared, packed or held under unsanitary conditions. Our response with respect to the Spokane Facility was to voluntarily shutdown the CMO section of the Spokane Facility until the USFDA's concerns had been addressed. The USFDA formally confirmed that the violations identified in the Warning Letter to the CMO Montreal Facility were resolved in September 2014 by way of a close-out letter and Establishment Inspection Reports ("**EIRs**") for the Spokane Facility was received in June 2015. See "*Business—Regulatory Inspections and Quality Control*" for further details. While we believe the violations identified in these Warning Letters have been adequately addressed, the Company's revenues were negatively impacted as a result of the CMO Montreal Facility and Spokane Facility Warning Letters due to the disruption to our production from the shutdown of the CMO section of the Spokane Facility and our reputation amongst customers was negatively affected.

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

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

Historically, we have received and continue to receive Form-483 observations in connection with inspections of all of our manufacturing facilities. Upon receipt of a Form-483, we work to address any inspectional observations in a timely manner to obtain the EIRs from such inspections, which indicate formal closure of the inspections as of the date of the respective EIRs. As of the date of this Offering Memorandum, we have not received the EIRs from the most recent inspections of the Spokane Facility, the Roorkee Facility, the Nanjangud Facility or the Kansas City radiopharmacy. We believe the findings from both the Spokane Facility and the Kansas City radiopharmacy inspections have been corrected and are awaiting verification by the USFDA. We have responded to the Form-483 inspectional observations for the Roorkee Facility. Subsequently, the USFDA has classified the inspection at the facility as "Official Action Indicated" through a letter dated November 27, 2018. While we have responded to the USFDA and contested this classification pursuant to our letter dated December 14, 2018, an "Official Action Indicated" classification can result in further regulatory action and the USFDA may also withhold approval for any pending applications in which the Roorkee Facility is listed. Further in respect of our Nanjangud Facility, we have responded to the Form-483 observations from the USFDA in a timely manner. We

are of the view that these Form-483 inspectional observations will not affect our current commercial business. In addition to inspections by the USFDA, in the financial year ended March 31, 2018, we were inspected by a number of other regulatory agencies, including, Health Canada (CMO Montreal Facility and Nanjangud Facility), CDSCO in India (Roorkee Facility), ANVISA Brazil (Spokane Facility) and RP Darmstadt Germany (Roorkee Facility), and in the nine months ended December 31, 2018, we were inspected by Health Canada (JDI Montreal Facility and Nanjangud Facility (joint inspection with the USFDA as described above)). Health Canada, has pursuant to its joint inspection with the USFDA of the Nanjangud Facility, issued to us the same observations as the USFDA as part of their inspection exit notice on December 21, 2018. We responded to Health Canada on January 22, 2019 with details of our corrective and preventive actions. On January 16, 2019, the Nanjangud Facility received a letter from Health Canada indicating a Non-Compliant ("**NC**") rating and with an opportunity to appeal within 10 business days. We have submitted our appeal on January 25, 2019 with a justification to reconsider the NC rating. We are currently in the process of engaging with Health Canada to remediate the concerns with our corrective and preventive actions.

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

Our business operates within a highly regulated environment. We must comply with a broad range of regulatory controls on the testing, manufacture and marketing of many of our products. In some countries, including the United States, Europe and Japan, regulatory controls have become increasingly demanding. We expect this trend to continue globally. Although we have adopted measures to address these stricter regulations, such as increasing the efficiency of our internal R&D process in order to reduce the impact of extended testing on the time-to-market for our products, stricter regulatory regimes may increase our compliance costs, delay our product development and hinder our marketing and sales and we may therefore not be able to recover our investment in R&D in a timely manner or at all. See also "*—A heightened public or regulatory focus on the radiation risks of diagnostic imaging could have an adverse effect on our business*". If we fail to comply with regulatory requirements, or if allegations are made that we fail to comply, our financial condition and results of operations could be adversely affected.

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

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

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

financial condition, results from operations, particularly if such price controls affect products for which we have a high market share, including our radiopharmaceutical products.

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

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

Our business is subject to rigorous licensing requirements.

We are subject to rigorous and extensive licensing and permit requirements. To lawfully operate our businesses, we are required to obtain and hold licenses, permits, product registrations and other regulatory approvals from, and to comply with operating and security standards of, numerous governmental bodies. These licensing and permit requirement are imposed by regulators at both a national and local level, and cover all aspects of our business, including without limitation, our manufacturing facilities, our products and product development and handling, distribution and sales of products. Failure to maintain or renew necessary licenses, permits, product registrations, licenses or approvals, or to comply with required standards, could have an adverse effect on our business, financial condition and results of operations, and in some cases may lead to closures of our facilities. See also "*—If we are unable to maintain a sufficiently large portfolio of pharmaceutical products and services and manage their development and approval processes so as to bring them to market on a timely basis, our growth strategy may not be successful and our business would be adversely affected*.

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

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

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

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

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

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

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

In our Generics & APIs business segment, we must ensure a regular and secure supply of the raw materials required to produce our products. The principal raw material input for our APIs are fine chemical products and other advanced intermediate compounds, almost all of which we purchase from third party sources. China has recently tightened implementation of environmental regulations, which had an impact on the chemical and pharmaceutical industries. We cannot assure you that such or future regulations will not affect our ability to maintain our supply sources in China and margins in this business segment. In addition, for our solid dosage formulations, we currently use one supplier for one of the raw materials used to produce methylprednisolone.

Any failure to source any of our key raw materials required to produce our products, even on a temporary basis, could affect our ability to deliver some products to our customers in required quantities, within the required timeframe or at all, which could result in order cancellations and decrease in revenues.

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

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

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

In the recent past, the barriers to entry for new entrants to the APIs and/or generics industry have reduced due to global competition arising from generic manufacturers located in emerging countries such as India and China, which have low-cost production capabilities, cheaper labor, a highly skilled workforce and infrastructure, thus resulting in a larger competitive field. In addition, the USFDA has taken steps towards reducing drug prices, including publishing a list of off-patent, off-exclusivity branded drugs and enhancing the efficiency of certain

aspects of the submission process for generic drug applicants, that have increased competition. Pursuant to The Generic Drug User Fee Act ("**GDUFA**"), all companies that manufacture human generic drug products, and active ingredients for human generic drug products, that are distributed in U.S. commerce are subject to USFDA user fees. One of the objectives was to increase predictability and timeliness in the review process for generic drugs. We believe as a result of the imposition of such fees by the USFDA, the lead time for approval from the USFDA has reduced thereby increasing the competitive intensity within our industry. At the same time, the customer base for APIs and/or generics manufacturers has seen significant consolidation at the purchasing level, resulting in increased purchasing power for the customer. For example, a significant proportion of our generics sales are made to relatively few retail drug chains and pharmaceutical wholesalers in the U.S. and in other geographic markets. These customers have undergone and may continue to undergo significant consolidation (such as the partnership of Walgreens, Alliance Boots and Amerisource Bergen). Such consolidation has provided and may continue to provide them with additional purchasing leverage, and consequently may increase the pricing pressures that we face. Additionally, the emergence of large buying groups representing independent retail pharmacies, and the prevalence and influence of managed care organizations and similar institutions, enable those groups to extract price discounts on our products. Certain of these GPOs had in the past, made aggressive requests for pricing proposals and established commercial alliances resulting in greater bargaining power. We expect the trend of increased pricing pressures from our customers and price erosion in the U.S. generics market to continue. We expect that consolidation of drug wholesalers and retailers will increase pricing and other competitive pressures on generic drug manufacturers, including those in the United States. This dual effect of increased competition and increased purchasing power has resulted in a downward trend for prices for our generics & APIs products. If these trends continue or worsen, or if we experience further difficulty in this market, this may continue to adversely affect our revenues and profits from the APIs and/or generics industry.

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

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

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

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

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

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

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

On the same date Bracco filed its complaint in the New Jersey District Court, Bracco also filed a complaint with the USITC alleging violations of section 337 of the Tariff Act of 1930 (the "**Tariff Act**") by the Jubilant Defendants for the importation into the United States, the sale for importation, and the sale within the United States after importation of JDI's RUBY-FILL® products based on alleged infringement of three U.S. patents that Bracco owns by assignment. The three Bracco patents asserted in the USITC complaint are also asserted in the New Jersey District Court matter. On April 25, 2018, the USITC announced that it had voted to institute an investigation. If the USITC finds a violation of section 337, it issues remedial orders barring importation and sale in the United States of the products found to infringe unless it finds such orders would be against public interest. USITC remedial orders in section 337 cases are effective when issued and become final 60 days after issuance unless disapproved for policy reasons by the U.S. Trade Representative within that 60-day period. The USITC referred the investigation to an administrative law judge (the "**ALJ**") to conduct an evidentiary hearing. The evidentiary hearing had been scheduled for January 11, 2019, but was postponed due to the partial U.S. government shutdown. A new schedule for the remaining proceedings has not been entered, but the ALJ has indicated the hearing is likely to occur in April 2019. We have carefully reviewed the allegations made by Bracco and are vigorously defending our legal positions. On May 31, 2018, the Jubilant Defendants filed their response to Bracco's USITC complaint, denying any unlawful activities and noting that the remedial orders that Bracco requests, if issued, would harm public welfare and health, competitive conditions, consumers, and manufacturing in the United States. Additionally, the Jubilant Defendants are implementing changes to the RUBY-FILL® products to design around the three asserted patents. However, these design changes may require significant

investment and time to develop and launch, and will be subject to regulatory approval. There is no assurance we will be able to develop and implement these design changes in a timely manner or at all. These design changes have been introduced into the USITC proceeding. On February 8, 2019, the ALJ entered an order that the currently approved RUBY system infringes the three patents, but that the new redesigned RUBY systems do not infringe any of the three patents. The ALJ's order concerning these issues is subject to review by the full Commission of the USITC. The ALJ has not yet ruled on our other defenses in the action, which will be presented at the upcoming evidentiary hearing. The final USITC decision is expected in or around November 2019. We cannot predict the outcome of the investigation and may be faced with exclusionary remedies against us (which could result in the suspension and/or cessation of our manufacture and sale of RUBY-FILL® in the United States) if the USITC determines we are in violation of section 337 of the Tariff Act. While the revenue contribution from the sales of RUBY-FILL® was not material in financial year ended March 31, 2018, we expect that this will increase in the future and should we suspend or cease the manufacture and sale of RUBY-FILL®, we could lessen or lose the potential growth that RUBY-FILL® is expected to bring to our business, and any orders against us could materially and adversely affect our business, financial condition, results of operations and prospects. On August 22, 2018, JDI filed three petitions at the United States Patent and Trademark Office ("**USPTO**") challenging the validity of certain claims of U.S. Patent Nos. 9,299,467 and 9,299,468, which are asserted against the Jubilant Defendants in the Bracco New Jersey District Court complaint but are not asserted in the Bracco USITC complaint (Nos. IPR2018-01448, -1449, -1450). The petitions request the USPTO to conduct *inter partes* reviews ("**IPR**") of the two patents and to cancel all claims asserted in the New Jersey District Court action as invalid over prior art. See "*Business—Legal Proceedings—RUBY-FILL® Proceedings*" for further details.

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

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

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

Our development of products may be limited to the extent that their manufacturing processes are considered to infringe existing third party IPRs, although the Company is not aware of there being any such infringements in the past. In particular, an ANDA for a generic formulation utilizing APIs that we have developed will not be approved by the USFDA if our APIs infringe on a third party's IPR. We cannot be certain our APIs do not infringe on the IPRs of other parties. In addition, patent applications are currently pending for some of the technologies currently being utilized by us. If the patent application is rejected or challenged, any aspect of our business reliant on such technologies would be disrupted. Any such disruption would harm our business.

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

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

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

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

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

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

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

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

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

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

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

Pursuant to our contractual arrangements, certain of our clients have the right to regularly examine our manufacturing processes, quality control and procedures and registers of our manufacturing facilities after reasonable notice and at a reasonable time to ensure that our services are meeting their internal standards and regulatory requirements. Most of our clients routinely inspect and audit our facilities. Any failure on our part to meet the expectations of our clients and to comply with the quality standards set out in our contractual arrangements, could result in the termination of our contracts and our clients may choose to source their requirements from our competitors. We may also incur significant costs to upgrade our facilities and manufacturing processes. The occurrence of any such event will not have an adverse effect on our business, financial condition and results of operations.

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

Given the size, complexity and geographic reach of our business and our multiple business lines, we are reliant upon our ability to recruit and retain highly qualified professional personnel and other employees. Failure to hire

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

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

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

The collection, use, disclosure, transfer, or other processing of personal data regarding individuals in the European Union ("**EU**"), including personal health data, is subject to the EU General Data Protection Regulation, or the GDPR, which became effective on May 25, 2018. The GDPR is wide-ranging in scope and imposes numerous requirements on companies that process personal data, including requirements relating to processing health and other sensitive data, obtaining consent of the individuals to whom the personal data relates, providing information to individuals regarding data processing activities, responding to data subject requests, implementing safeguards to protect the security and confidentiality of personal data, providing notification of data breaches, and taking certain measures when engaging third-party processors. The GDPR also imposes strict rules on the transfer of personal data to countries outside the EU, including the United States, and permits data protection authorities to impose large penalties for violations of the GDPR, including potential fines of up to €20.0 million or 4% of annual global revenues, whichever is greater. The GDPR also confers a private right of action on data subjects and consumer associations to lodge complaints with supervisory authorities, seek judicial remedies, and obtain compensation for damages resulting from violations of the GDPR. Compliance with the GDPR will be a rigorous and time-intensive process that may increase our cost of doing business or require us to change our business practices, and despite those efforts, there is a risk that we may be subject to fines and penalties, litigation, and reputational harm in connection with any European activities.

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

We have implemented and may from time to time implement strategies to meet strategic objectives of our business including but not limited to being closer to our customers, diverse product and service portfolio through

differentiated and complex offerings, continuing to strengthen leadership positions in our key business segments, offering an integrated business model and pursuing strategic acquisitions.

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

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

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

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

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

We have environmental liability insurance coverage for some of our facilities, which is in line with industry practice. However, we could be exposed to claims that are only partially or not covered at all. For example, our environmental insurance in the United States does not cover any penalties for non-compliance with laws, regulatory fines or environmental capex, and only covers the cost of decontamination or removal of debris, subject to policy restrictions and limitations. In addition, while our all risks of physical loss or damage policy for our radiopharmacies in the United States contains a sublimit of US$5 million for damages due to radioactive contamination at such radiopharmacies, the liabilities from nuclear or radioactive contamination is generally not covered by our insurance policies. If we incur substantial costs that we have not made adequate provisions for or which are not covered under our insurance, our business, financial condition, results of operations and cash flows could be materially and adversely affected. Such costs may increase our expenses and reduce our profit margins. Further, if we are unable to comply with environmental laws and regulations, we may lose customer orders or be subject to monetary penalties, criminal sanctions or other enforcement actions by regulatory bodies including manufacturing facility closures or product withdrawal, which could further adversely affect our business, financial condition and results of operations. See "*Business—Environmental Matters*" for further details.

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

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

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

Although we maintain an industrial all-risk insurance policy for all our primary manufacturing facilities that we believe is in accordance with customary industry practices, we cannot assure you that this insurance will be adequate to cover fully all potential hazards incidental to our business.

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

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

In addition, in the United States, as well as in many other jurisdictions, a current or previous owner or operator of real estate may be liable for contamination resulting from the presence or discharge of hazardous or toxic substances at that property, and may be required to investigate and clean up such contamination at or emanating from that property. In the United States, under the Comprehensive Environmental Response, Compensation and Liability Act ("**CERCLA**") and related state laws, certain persons may be liable at sites where or from which release or threatened release of hazardous substances has occurred or is threatened. These persons can include the current owner or operator of any property where a release or threatened release occurred, any persons who owned or operated the property when the release occurred, and any persons who disposed of, or arranged for the transportation or disposal of, hazardous substances at a contaminated property. Liability under CERCLA is strict, retroactive and, under certain circumstances, joint and several, so that any responsible party may be held liable for the entire cost of investigating and remediating the release of hazardous substances. We or our predecessors-in-interest operate or operated at a number of sites with a history of industrial use and the potential for releases of hazardous substances. As is the case with all companies who own or operate industrial real property, we face potential exposure from future claims and lawsuits involving environmental matters, including radioactive, soil and water contamination, personal injury or property damage allegedly caused by hazardous substances that we manufactured, handled, used, stored, transported, spilled, disposed of or released.

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

We may expand our business through selective, targeted mergers or acquisitions of businesses and assets we believe to be complementary to our existing business. We may also seek to expand our business through complementary or strategic acquisitions of other businesses, products or assets, or through joint ventures, strategic agreements or other arrangements. Mergers and acquisitions, joint ventures or other business combinations may involve a number of risks, including diversion of management's attention, failure to retain key acquired personnel and clients, unanticipated events or circumstances, cultural differences, legal liabilities, regulatory risks and amortization of acquired intangible assets and other integration challenges or operational complexities, some or all of which could harm our financial condition and results of operations. We may also incur substantial additional indebtedness and contingent liabilities relating to the businesses we acquire. Any such mergers or acquisitions, joint ventures or other business combinations may also disrupt our ongoing businesses, which may adversely affect our relationships with customers, employees, regulators and others with

whom we have business or other dealings. In particular, for newly acquired businesses, we cannot assure you that we have sufficient experience and expertise with operating and managing such businesses. We may also face challenges scaling-up the business during the integration process. Further, if we are unable to realize synergies or other benefits expected to result from any acquisitions, joint ventures or other business combinations, or to generate additional revenue to offset any unanticipated inability to realize these expected synergies or other benefits, our growth and ability to compete may be impaired, which would require us to focus additional resources on the integration of operations rather than other profitable areas of our business and may otherwise cause a material adverse effect on our business, financial condition and results of operations.

In September 2017, we substantially acquired all of the assets which comprised Triad's radiopharmacy business. If we are not able to successfully integrate the radiopharmacy business with the rest of our business or increase the efficiency and coverage of our radiopharmacy network through repositioning of our geographic footprint, we may be unable to realize the anticipated benefits of such acquisition and/or our existing business may be harmed.

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

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

We plan to continue to look for opportunities to increase our existing production capacity, expand our product portfolio and improve the production technologies through our R&D team. Projects aimed at expansion or growth of our business require significant capital expenditure to expand, refurbish, renovate or upgrade existing facilities as well as to develop new facilities and/or business lines or make major acquisitions or investment. Our ability to successfully implement expansion or growth plans is subject to risks and uncertainties. If adequate funds are not available on acceptable terms and on a timely basis, we may be required to delay or reduce the scope of our growth plans. For example, we are in the process of expanding the solid dosage formulations capacity at our Roorkee Facility and are currently also exploring options to further increase our API production capacity including expanding the capacity of our existing Nanjangud Facility by debottlenecking, increasing the capacity of our Spokane Facility, building a new API facility at a new location and/or acquiring an existing API facility, among other things. However, there is no assurance we will be successful in increasing our capacity in a timely manner or at all. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Capital Expenditures*" for further details of our expected capital expenditures. Failure to meet customers' demands in existing markets or new markets could have a material adverse effect on our business. In addition, any significant increases in raw materials costs unforeseen in the project plan and any inability to sell the products produced at volumes and/or price levels envisaged in the project plan could adversely affect the success of our projects. Due to the significant amount of capital required and the long lead time between planning and completion of such projects, project failure could have a material adverse effect on our business, financial condition, results of operations and prospects.

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

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

During the financial years ended March 31, 2017 and 2018 and the nine months ended December 31, 2017 and 2018, we incurred US$38.8 million, US$33.5 million, US$23.3 million and US$25.5 million, respectively, on R&D, representing 8.4%, 5.4%, 5.5% and 4.5%, respectively, of our total revenue from operations in those periods. We cannot assure you that the investments we have made in R&D will yield satisfactory results in terms of improved products, or will yield any results at all. Despite our investments in this area, our R&D efforts may not result in the discovery or successful development of new products. In addition, even where we successfully obtain product registrations and/or market authorizations for any such new or improved products, there can be no

assurance that the new or improved product will be commercially successful. Further, if our competitors develop new processes or production techniques, or improve existing processes or production techniques that may give them significant cost and marketing advantages, we may be unable to retain our customers, which would adversely affect our revenues and profitability.

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

Our future success will depend to a significant degree on our ability to continue to develop and commercialize new pharmaceutical products in a timely and cost-effective manner. The development and commercialization of new products is complex, time-consuming and costly. Due to the long lead times associated with obtaining regulatory approvals for many of these products, as well as the competitive advantage that can come from gaining early approval, it is important that we maintain a sufficiently large portfolio of products and a product pipeline and manage their development and approval processes so as to bring products to market on a timely basis.

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

The success of our new product offerings will depend upon several factors, including our ability to properly anticipate and respond to customer needs, to obtain timely regulatory approval of new products, identify available suppliers and manufacture such products. If we are not able to bring enough products to market, or if products are brought to market after competing products are commercialized, our growth strategy may not be successful and our business would be adversely affected.

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

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

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

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

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

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

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

Specialty Pharmaceuticals

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

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

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

Generics & APIs

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

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

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

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

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

Similarly, the Competition Act, 2002, of India, as amended ("**Indian Competition Act**") regulates, inter alia, practices having an appreciable adverse effect on competition in the relevant market in India ("**AAEC**"). Under the Indian Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an AAEC is considered void and may result in the imposition of substantial penalties. The Indian Competition Act also prohibits abuse of a dominant position by any enterprise.

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

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

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

- forced or voluntary closings of manufacturing plants, including as a result of regulatory inspections, see "*—As the manufacture of our products is technically complex and highly regulated, product recalls, regulatory inspection failures or shortcomings at our manufacturing facilities or other problems may reduce sales, adversely affect our business, financial condition and results of operations and delay the launch of new products, and in some cases may lead to closures of our facilities*";
- problems with supply chain continuity, including as a result of weather or a natural or man-made disaster, at one of our facilities or at a critical supplier or vendor;
- manufacturing shutdowns, product shortages, including backorders and discards, and delays in product manufacturing;
- labor strikes and lock-outs that may result in temporary shutdowns or manufacturing disruptions;
- problems with manufacturing, quality assurance/quality control or supply, or governmental approval delays, due to our consolidation and rationalization of manufacturing facilities and the sale or closure of certain sites;
- the failure of a sole source or single source supplier to provide us with necessary raw materials, supplies or finished goods for an extended period of time, which could impact continuous supply;
- shortages of qualified personnel;
- changes in applicable local and international legislations, rules and regulations such as serialization;
- changes in environmental laws and regulations;
- failures or bottlenecks in production processes, especially if we are unable to obtain adequate supply of utilities such as steam, power and water, or our inability to successfully implement debottlenecking measures to reduce idle time or improve operating efficiency by reducing plant outages, wastage or yield losses or otherwise.
- the failure of a third party manufacturer to supply us with finished products on time;
- construction or regulatory approval delays related to new facilities or the expansion of existing facilities;
- product recalls or market withdrawals;
- our equipment and production facilities becoming obsolete; and
- other manufacturing or distribution problems including limits to manufacturing capacity due to regulatory requirements, changes in the types of products produced, physical limitations or other business interruptions that could impact continuous supply.

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

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

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

Our product candidates are subject to government price controls in certain jurisdictions that may affect our revenue.

There has been heightened governmental scrutiny in the United States, the European Union and other jurisdictions of pharmaceutical pricing practices in light of the rising cost of prescription drugs. In the United States, such scrutiny has resulted in several recent Congressional inquiries and proposed and enacted federal legislation designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for products. At the federal level, Congress and the Trump administration have each indicated that it will continue to seek new legislative and/or administrative measures to control drug costs. At the state level, legislatures have increasingly enacted legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. Outside of the United States, particularly in the European Union, the pricing of prescription pharmaceuticals is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a product. To obtain coverage and reimbursement or pricing approval in some countries, we may be required to conduct a clinical trial that compares the cost-effectiveness of our product candidate to other available therapies. If reimbursement of our products is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, our business could be harmed.

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

We are subject to numerous political, economic, legal, tax, operational and other risks as a result of our international operations, including risks of possible nationalization, expropriation, price controls, capital controls, exchange controls, increased taxes and levies, and other restrictive governmental actions, as well as the outbreak of hostilities or political and governmental instability which could adversely impact our business in many ways. In particular, we believe we are most susceptible to these risks in the United States, Canada and India, being jurisdictions where a substantial portion of our business and assets are conducted and/or located.

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

Any trade or import protection policies may affect our business.

We distribute our products to various countries internationally. In the event that any of these countries to which we export imposes trade sanctions or enforces import restrictions or tariffs in relation to our products, our business and results of operations may be adversely affected. For example, the ongoing trade war between the United States and China has resulted in the Trump Administration and China imposing tariffs on Chinese products and U.S. products, respectively. Recently, the Trump Administration imposed 25% tariffs on a variety

of imports from China and subsequently implemented tariffs on additional goods from China. If the Trump Administration continues the recent China tariffs, or if additional tariffs or trade restrictions are implemented by the United States or other countries in connection with a global trade war, the cost of our products manufactured in China, or other countries, and imported into the United States or other countries could increase, which in turn could adversely affect the demand for these products or require us to raise our prices, which may result in the loss of customers and harm our business. The North American Free Trade Agreement ("**NAFTA**") is also currently under review by the respective signatory countries, and given our operations and manufacturing facilities in Canada, any material change in the terms to NAFTA could adversely affect our business.

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

For the financial years ended March 31, 2017 and 2018 and the nine months ended December 31, 2017 and 2018, 29.4%, 19.9%, 20.1% and 18.0%, respectively, of our total revenue from operations came from sales outside North America. As a result, we are subject to significant foreign currency risks, including repatriation restrictions in certain countries. An increasing amount of our sales, particularly in Canada, India and European countries, is recorded in local currencies, which exposes us to the direct risk of exchange rate fluctuations, devaluations or hyperinflation. We may also be exposed to credit risks in some of these markets. The imposition of price controls or restrictions on the conversion of foreign currencies could also have a material adverse effect on our financial results. In particular, in the financial years ended March 31, 2017 and 2018 and the nine months ended December 31, 2018, we recorded sales and expenses in various currencies such as the Indian rupee, Canadian dollar and Euro. As a result, fluctuations in exchange rates between the currencies in which such sales are generated and expenses are incurred and the functional currencies of the respective businesses may result in translation gains or losses.

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

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

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

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

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

We generally rely on a combination of patents, licensing arrangements, non-disclosure agreements and non-competition agreements to protect our proprietary intellectual property. See "*Business—Intellectual Property*

Rights". As at December 31, 2018, we have been granted patents for intellectual property in various countries for innovations, including 19 active patents granted relating to APIs in a number of different countries, five active patents granted relating to solid dosage formulations in a number of different countries, 123 active patents granted relating to radiopharmaceutical products in a number of different countries and one active patent granted relating to allergy therapy products in the United States. As at December 31, 2018, we held 94 registered trademarks across the United States, India, Canada, Europe and other jurisdictions worldwide. Due to the different regulatory bodies and varying requirements globally, we may be unable to obtain intellectual property protection in certain jurisdictions for our products or processes. If third parties decide to terminate the licensing arrangements with the Company for usage of their registered trademarks, we may not be able to continue to market our products under the licensed brand name, which could adversely affect our competitive business position. Further, two trademarks are held by the Parent which have been duly assigned to our Indian subsidiary company, Jubilant Generics Limited ("**JGL**") and applications have been made to the Indian regulatory authorities for change in ownership. Until the assignment of trademarks is recorded by the regulatory authorities, there can be no assurance that we would be recognized as the owner of such trademarks.

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

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

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

We may develop proprietary product candidates for which we may seek USFDA approval through the Section 505(b)(2) regulatory pathway. We have received 505(b)(2) approvals for RUBY-FILL® Rubidium Rb82 Generator and Elution System and Drax Exametazime™, and also have three other NDA approvals, namely, DRAXIMAGE® MAA, DRAXIMAGE® DTPA and I-131 mIBG. The Drug Price Competition and Patent Term Restoration Act of 1984, also known as the Hatch-Waxman Act, added Section 505(b)(2) to the Federal Food, Drug and Cosmetic Act ("**FDCA**"). Section 505(b)(2) permits the filing of an NDA where at least some of the information required for approval comes from studies that were not conducted by or for the applicant and for which the applicant has not obtained a right of reference. Section 505(b)(2), if applicable to us under the FDCA, would allow an NDA we submit to USFDA to rely in part on data in the public domain or the USFDA's prior conclusions regarding the safety and effectiveness of approved compounds, which could expedite the development program for our product candidates by potentially decreasing the amount of clinical data that we would need to generate in order to obtain USFDA approval. If the USFDA does not allow us to pursue the Section 505(b)(2) regulatory pathway as anticipated, we may need to conduct additional clinical trials, provide additional data and information, and meet additional standards for regulatory approval. We take into account design, strategic planning considerations and our interactions with the USFDA to determine whether to utilize the Section 505(b)(2) regulatory approval pathway for a particular product candidate. Even if we are allowed to pursue the Section 505(b)(2) regulatory pathway, we cannot assure you that our product candidates will receive the requisite approvals for commercialization.

In addition, the pharmaceutical industry is highly competitive, and Section 505(b)(2) NDAs are subject to special requirements designed to protect the patent rights of sponsors of previously approved drugs that are referenced in a Section 505(b)(2) NDA. These requirements may give rise to patent litigation and mandatory delays in approval of our NDAs for up to 30 months or longer depending on the outcome of any litigation. It is not uncommon for a manufacturer of an approved product to file a citizen petition with the USFDA seeking to delay

approval of, or impose additional approval requirements for, pending competing products. If successful, such petitions can significantly delay, or even prevent, the approval of the new product. However, even if the USFDA ultimately denies such a petition, the USFDA may substantially delay approval while it considers and responds to the petition. In addition, even if we are able to utilize the Section 505(b)(2) regulatory pathway, there is no guarantee this would ultimately lead to accelerated product development or earlier approval.

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

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

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

- regulatory authorities may withdraw their approval of the product or impose restrictions on its distribution;
- the USFDA may require implementation of a Risk Evaluation and Mitigation Strategy ("**REMS**");
- regulatory authorities may require the addition of labeling statements, such as warnings or contraindications;
- we may be required to change the way the product is administered or conduct additional clinical studies;
- we could be sued and held liable for harm caused to patients; or
- our reputation may suffer.

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

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

We are exposed to product liability claims in the ordinary course of business. A product liability claim could require us to pay substantial damages. Product liability claims against us, whether or not successful, are costly and time-consuming to defend. Regardless of the merits or eventual outcome, liability claims may result in:

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

- loss of revenue; and
- exhaustion of any available insurance and our capital resources.

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

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

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

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

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

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

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

with the GCP requirements. In addition, our clinical trials must be conducted with biologic product produced under cGMP requirements and may require a large number of patients.

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

Any third parties conducting our clinical trials will not be our employees and, except for remedies that may be available to us under our agreements with such third parties, we cannot control whether or not they devote sufficient time and resources to our ongoing clinical programs. These third parties may also have relationships with other commercial entities, including our competitors, for whom they may also be conducting clinical trials or other product development activities, which could affect their performance on our behalf. If these third parties do not successfully carry out their contractual duties or obligations or meet expected deadlines, if they need to be replaced or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical protocols or regulatory requirements or for other reasons, our clinical trials may be extended, delayed or terminated and we may not be able to complete development of, obtain regulatory approval of or successfully commercialize our product candidates. As a result, our financial results and the commercial prospects for our product candidates would be harmed, our costs could increase and our ability to generate revenue could be delayed.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In addition, we may become subject to various tax litigations and claims, for which any rulings against us could materially and adversely affect our business, financial condition and results of operations. For example, our contingent liabilities relating to claims against the Group, disputed by the Group and not acknowledged as debt increased significantly for the financial year ended March 31, 2018 and the nine months ended December 31, 2018 due to an income tax claim pertaining to a U.S. tax filing arising as a result of a delay in recording use of carry forward tax losses in May 2018. If such carry forward tax losses are not recognized, we would be subject to a tax payment of approximately US$8.7 million (including applicable interest) for the nine months ended December 31, 2018. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations and Contingent Liabilities—Contingent Liabilities*".

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

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

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

- loss of patent protection;

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

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

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

A substantial portion of the revenue from operations generated by our radiopharmaceuticals and CMO business lines are derived from long-term contracts we have entered into with certain of our customers, which typically have three to five-year terms. Our radiopharmaceuticals business generated revenues of US$265.1 million for the financial year ended March 31, 2018 (inclusive of the revenues generated by our radiopharmacies during the seven-month period from the time of acquisition on September 1, 2017 through March 31, 2018) and US$267.9 million for the nine months ended December 31, 2018, which comprised 42.8% and 47.6%, respectively, of our revenue from operations for the year/period. Our CMO business generated revenues of US$100.9 million for the financial year ended March 31, 2018 and US$81.6 million for the nine months ended December 31, 2018, which comprised 16.3% and 14.5%, respectively, of our revenue from operations for the year/period. While we are not dependent on any single customer and have a broad and diversified customer base across each of our five business lines, if any of our long-term customers terminate their contracts, or delay or breach payment obligations, reduce the volume of business we receive under the contracts, or if we are unable to renew such contracts on favorable terms or at all, our revenues and profitability may be adversely affected. See "*Business—Customers*".

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

We are a global integrated pharmaceutical company with worldwide operations and one of our strategic objectives is to continue to expand our geographic outreach. Although 89.4% of our revenues generated were from North America and Europe for the financial year ended March 31, 2018, we derive a portion of our sales and future growth from other regions such as Asia, the Middle East and Central and Eastern Europe, which may be more susceptible to political or economic instability. Moreover, as we often export a substantial number of products into such markets, we may, therefore, be denied access to our customers or suppliers of our raw materials or denied the ability to ship products from any of our sites as a result of a closing of the borders of the countries in which we sell our products, or in which our operations are located, due to economic, legislative, political and military conditions, including hostilities and acts of terror, in such countries.

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

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

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

A substantial portion of our products are exported and sold in various countries across the world. These destination countries may impose varying duties and other levies on our products, which may adversely affect

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

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

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

Payers, including healthcare insurers, pharmacy benefit managers ("**PBMs**") and GPOs with our products, nationally, increasingly seek ways to reduce their costs. Many payers continue to adopt benefit plan changes that shift a greater portion of prescription costs to patients. Such measures include more limited benefit plan designs, higher patient co-pay or co-insurance obligations and limitations on patients' use of commercial manufacturer co-pay payment assistance programs (including through co-pay accumulator adjustment or maximization programs.) Payers also increasingly seek price discounts or rebates in connection with the placement of our products on their formularies or those they manage. Payers also control costs by imposing restrictions on access to or usage of our products, such as by requiring prior authorizations or step therapy, and may choose to exclude certain indications for which our products are approved or even choose to exclude coverage entirely. Significant consolidation in the health insurance industry has resulted in a few large insurers and PBMs exerting greater pressure in pricing and usage negotiations with drug manufacturers, significantly increasing discounts and rebates required of manufacturers and limiting patient access and usage. Further consolidation among insurers, PBMs and other payers, including through integrated delivery systems, would increase the negotiating leverage such entities have over us and other drug manufacturers. Ultimately, further discounts, rebates, coverage or plan changes, restrictions or exclusions as described above could have a material adverse effect on sales of our affected products.

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

With respect to our radiopharmaceuticals, over the past several years, Medicare has implemented numerous changes to payment policies for imaging procedures in both the hospital setting and non-hospital settings (which

include physician offices and freestanding imaging facilities). Some of these changes have had a negative impact on utilization of imaging services. Examples of these changes include:

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

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

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

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

Third party payers, whether domestic or foreign, or governmental or commercial, are developing increasingly sophisticated methods of controlling healthcare costs. In both the United States and certain foreign jurisdictions, there have been a number of legislative and regulatory changes to the healthcare system that could impact our ability to sell our products profitably. In particular, in the United States, the ACA and its implementing regulations, among other things, revised the methodology by which rebates owed by manufacturers to the state and federal government for covered outpatient drugs and certain biologics, including our products, under the Medicaid drug rebate program are calculated, increased the minimum Medicaid rebates owed by most manufacturers under the Medicaid drug rebate program, extended the Medicaid drug rebate program to utilization of prescriptions of individuals enrolled in Medicaid managed care organizations, subjected manufacturers to new annual fees and taxes for certain branded prescription drugs, and provided incentives to programs that increase the federal government's comparative effectiveness research. Additionally, the ACA allowed states to implement expanded eligibility criteria for Medicaid programs, imposed a new Medicare Part D coverage gap discount program, expanded the entities eligible for discounts under the Public Health Service pharmaceutical pricing program, and implemented a new Patient-Centered Outcomes Research Institute. We are still unsure of the full impact that the ACA will have on our business.

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

the method CMS uses to determine this risk adjustment. Congress is continuing to consider legislation that would alter other aspects of the ACA. There have been judicial and Congressional challenges to certain aspects of the Affordable Care Act, and we expect additional challenges and amendments in the future. Moreover, the Trump Administration and the U.S. Congress may take further action regarding the Affordable Care Act, including, but not limited to, repeal or replacement. Most recently, the Tax Cuts and Jobs Acts was enacted, which, among other things, removes penalties for not complying with the individual mandate to carry health insurance, beginning in 2019. On December 14, 2018, a U.S. District Court Judge in the Northern District of Texas, ruled that the individual mandate is a critical and inseverable feature of the ACA, and therefore, because it was repealed as part of the Tax Act, the remaining provisions of the ACA are invalid as well. While the Trump Administration and the Centers for Medicare & Medicaid Services, or CMS, have both stated that the ruling will have no immediate effect, it is unclear how this decision, subsequent appeals, if any, and other efforts to repeal and replace the ACA will impact the ACA and our business. The ultimate content, timing or effect of any healthcare reform legislation on the U.S. healthcare industry is unclear.

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

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

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

Sales of certain of our products relies on reimbursement to our customers from U.S. federal government healthcare programs and commercial insurance plans regulated by the U.S. federal and state governments. Changes to U.S. federal reimbursement policy may come through legislative and/or administrative actions. Discussions continue around a number of potential legislative changes that could affect the reimbursement and/or pricing of our products, including proposals to allow the U.S. federal government to directly negotiate drug prices with pharmaceutical manufacturers and to require manufacturers to pay higher rebates in the Medicare Part D setting. Legislation has been introduced into Congress for other proposals, including legislation designed to overhaul provisions of the ACA as well as to enable commercial-level re-importation of prescription medications from Canada or other countries. The Trump administration's budget proposal for fiscal year 2019 contains further drug price control measures that could be enacted during the 2019 budget process or in other future legislation, including, for example, measures to permit Medicare Part D plans to negotiate the price of certain drugs under Medicare Part B, to allow some states to negotiate drug prices under Medicaid, and to eliminate cost sharing for generic drugs for low-income patients. Further, the Trump administration released a "Blueprint", or plan, to lower drug prices and reduce out-of-pocket costs of drugs that contains additional proposals to increase drug manufacturer competition, increase the negotiating power of certain federal healthcare programs, incentivize manufacturers to lower the list price of their products, and reduce the out-of-pocket costs of drug products paid by consumers. The U.S. Department of Health and Human Services ("**HHS**") has already started the process of soliciting feedback on some of these measures and, at the same, is immediately

implementing others under its existing authority. While some proposed measures will require authorization through additional legislation to become effective, Congress and the Trump administration have each indicated that it will continue to seek new legislative and/or administrative measures to control drug costs. While we are unable to predict if additional changes may ultimately be enacted, to the extent that these or other changes affect how our products are priced, paid for and reimbursed by government and private payers in the United States, our business could be adversely impacted. Changes in U.S. federal reimbursement policy may also arise as a result of regulations or demonstration projects implemented by the CMS, the federal agency responsible for administering Medicare, Medicaid and the Health Insurance Marketplaces. Over the past several years, Medicare reimbursement amounts for our venom immuno therapy products have not materially changed despite new product introductions with increased prices and value propositions, as well as annual consumer price increases for existing products. Any reduction in third party payer reimbursements could have a material adverse effect on our business, financial position and results of operations. CMS has substantial power to quickly implement policy changes that can significantly affect how our products are covered and reimbursed. Legislative or regulatory changes in the United States or other federal or state government initiatives that decrease the coverage or reimbursement available for our products, require that we pay increased rebates, limit our ability to offer co-pay payment assistance to commercial patients, limit the pricing of pharmaceutical products or reduce the use of our U.S. products could have a material adverse effect on our business and results of operations.

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

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

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

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

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

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

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

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

market our products through the distribution network or to the United States Federal Government. The degree of market acceptance of our products and services will depend on a number of factors, including:

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

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

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

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

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

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

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

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

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

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

We have incurred significant indebtedness in connection with our operations and have indebtedness that has exceeded our shareholders' equity. As at March 31, 2017 and 2018, our total outstanding indebtedness (comprising loans and borrowings, net of un-amortized transaction costs) amounted to US$445.1 million and US$408.5 million, respectively, which exceeded our shareholders' equity for the corresponding periods, which was US$328.2 million and US$384.2 million, respectively. Our total outstanding indebtedness (comprising loans and borrowings, net of un-amortized transaction costs) as at December 31, 2018 amounted to US$410.3 million and our shareholders' equity as at December 31, 2018 was US$419.8 million. Although we believe that our current levels of cash flows from operations and working capital borrowings are sufficient to service existing debt, we may not be able to generate sufficient cash flow from operations in the future and future working capital borrowings may not be available in an amount sufficient to enable us to do so.

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

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

In the absence of such results of operations and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. Other credit facilities, the Existing Senior Notes Indenture and the Indenture that will govern the Notes restrict our ability to dispose of assets and use the proceeds from the disposition. We may not be able to consummate those

dispositions or to obtain the proceeds which we could realize from them and these proceeds may not be adequate to meet any debt service obligations then due. Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms and in a timely manner, would materially and adversely affect our financial condition and results of operations. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness*".

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

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

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

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

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

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

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

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

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

We, our directors and controlling shareholders are and may from time to time be involved in legal proceedings and claims in certain of the countries where we conduct our business or are resident in. These legal proceedings

are pending at different levels of adjudication before various courts and tribunals. Should any new developments arise, such as changes in applicable law of the jurisdictions relevant to us, or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and our liabilities. Further, we cannot assure you that any legal proceedings will be decided in our favor and our financial liability may be enhanced in the event any court, tribunal or authority passes an adverse order against us. Any such adverse decision may have a significant adverse effect on our business, financial condition and results of operations.

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

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

As at December 31, 2018, less than 10% of our employees belong to a number of different labor unions or undertake collective bargaining. We experienced a 10-day strike in July 2016 over wages during the renewal of the JDI's union contract. This was however resolved amicably through a voluntary mediation process and, during the absence of certain of our employees there, management personnel maintained production. JDI has since signed a three-year contract with the union and brought the matter to closure. There have been no other instances of major strikes, lockouts or other disruptive labor disputes but if any such negotiations in future regarding wages with our employees or any of the labor unions to which our employees belong are not concluded quickly, our relations with our employees could suffer, which could have a material adverse effect on our results of operations. We are currently in the process of negotiating the collective bargaining agreements with our employees at our facilities situated at Nanjangud, Karnataka, India and Montreal, Canada. We cannot assure you that such negotiations would not result in the occurrence of any of the preceding outcomes which could have a material adverse effect on our results of operations.

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

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

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

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

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

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

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

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

Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, it is possible that some of our business activities, such as providing free allergy extracts, diagnostic equipment and other items to physicians, including some who may prescribe, purchase or may be in a position to influence the ordering or purchasing of our products, could be subject to challenge under one or more of such laws. In addition, if any of the physicians or other providers or entities with whom we expect to do business is found to be not in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs. Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws and regulations will involve substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If any such actions are instituted against us, and we are not successful in

defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, disgorgement, monetary fines, possible exclusion from participation in Medicare, Medicaid and other federal healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of our operations, any of which could adversely affect our ability to operate our business and our results of operations.

Our business is subject to risk from climate change.

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

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

Certain facts and statistics in this document, including "*Appendix A—Independent Market Research on the Radiopharmaceutical Industry, U.S. Radiopharmacy Chain, U.S. Contract Manufacturing Organization Industry, U.S. Allergy Immuno Therapy Industry and the Global and U.S. Generic Pharmaceutical Industry*" related to the industries in which we operate are derived directly or indirectly from third party sources generally believed to be reliable. While we have taken reasonable care to reproduce such information, we cannot guarantee the quality and reliability of such source material. These facts and statistics have not been independently verified by us, the Joint Global Coordinators or any of our or their respective affiliates or advisers or any other parties involved in this offering and, therefore, we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other industry information and may not be complete or up-to-date. Furthermore, market share data contained herein has been derived from the Company's internal estimates and calculations and may not accurately reflect actual market shares or may differ from market share data collected by independent third parties. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, the facts and statistics in this document may be inaccurate and the statistics may not be comparable to statistics produced for other economies. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree or accuracy as may be the case elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on all such facts and statistics.

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

We regularly review our long-lived assets, including identifiable intangible assets and goodwill, for impairment. Goodwill, finite intangible assets and indefinite life intangible assets are subject to impairment review at least annually. Other long-lived assets are reviewed when there is an indication that an impairment may have occurred. The amount of goodwill and identifiable intangible assets on our consolidated balance may increase further following future acquisitions as a result of any changes in accounting rules and may lead to further impairment charges in the future. In addition, we may from time to time sell assets that we determine are not critical to our strategy or execution. Future events or decisions may lead to asset impairments and/or related charges. Certain non-cash impairments may result from a change in our strategic goals, business direction or other factors relating to the overall business environment. Any significant impairment charges could have a material adverse effect on our results of operations. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies*".

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

The Company is a holding company with no business operations and its assets mainly comprise the equity interests it holds in its subsidiaries, which are located in multiple jurisdictions. We conduct all of our operations through our subsidiaries. A majority of our operating subsidiaries are incorporated in the United States, Canada and India, a substantial position of our assets are located in the United States, Canada and India and certain of our Directors and Executive Officers and all or a substantial portion of their assets are located in India and the United States. As a result, it may not be possible, or it may be difficult, for Investors to effect service of process upon such persons in jurisdictions outside these jurisdictions or to enforce judgments obtained against such Directors outside India or the United States.

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

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

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

Since 1991, successive Indian governments have pursued policies of economic liberalization and financial sector reforms. The Indian government has traditionally exercised and continues to exercise influence over many aspects of the economy. The role of the Indian central and state governments in the Indian economy as producers, consumers and regulators has remained significant and we cannot assure you that such liberalization policies will continue. Additionally, corruption and protests against privatizations, which have occurred in the past, could slow down the pace of liberalization and deregulation in India. The rate of India's economic liberalization could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well. Any such significant change could disrupt business and economic conditions in India generally, and specifically ours, as some of our assets including two of our manufacturing facilities are located in India, which may adversely affect our financial condition and results of operations.

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

There are certain restrictions on the conversion of Indian Rupees into foreign currency. In India, the Foreign Exchange Management Act, 1999 ("**FEMA**") regulates transactions involving foreign exchange and provides

that certain transactions cannot be carried out without the general or special permission of the Reserve Bank of India ("**RBI**"). The FEMA has eased restrictions on most current account transactions as provided in the Foreign Exchange Management (Current Account Transaction) Rules, 2000, as amended.

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

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

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

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

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

In addition, while we have, from time to time, conducted business with customers in Iran, which is the target of U.S. sanctions, this trade has not been subject to U.S. jurisdiction and has not involved SDNs. The payments made for the trade did not involve U.S. persons (the Company is not a U.S. entity, there was no involvement by the Company's CEO based in the U.S. or any of the Company's U.S. subsidiaries) and the payments made did not involve the U.S. financial system (the trade was invoiced and payment was made in Rupees). In the last three financial years, sales by JGL to customers located in Iran have amounted to less than 0.1% of our total income for each such year. In each case, we believe such sales have been conducted in accordance with applicable sanctions laws and regulations.

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

The illegal distribution and sale by third parties of counterfeit versions of our products or of stolen products could harm our patients and reputation.

Our industry has been increasingly challenged by the vulnerability of distribution channels to illegal counterfeiting and the presence of counterfeit products in a growing number of markets and over the Internet. Third parties may illegally distribute and sell counterfeit versions of our products, which do not meet the rigorous manufacturing and testing standards that our products undergo. Counterfeit products are frequently unsafe or ineffective, and can be potentially life-threatening. Counterfeit medicines may contain harmful substances, the wrong dose of the API or no API at all. However, to distributors and patients, counterfeit products may be visually indistinguishable from the authentic version.

Reports of adverse reactions to counterfeit drugs or increased levels of counterfeiting could materially affect patient confidence in the authentic product, and harm the business of companies such as ours. Additionally, it is possible that adverse events caused by unsafe counterfeit products would mistakenly be attributed to the authentic product. In addition, there could be thefts of inventory at warehouses, plants or while in transit, which are not properly stored and which are sold through unauthorized channels. Public loss of confidence in the integrity of pharmaceutical products as a result of counterfeiting or theft could have a material adverse effect on our business, financial condition and results of operations.

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

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

Heightened regulatory focus on risks caused by the radiation exposure received by diagnostic imaging patients could lead to increased regulation of radiopharmaceutical manufacturers or healthcare providers who perform procedures that use our imaging agents, which could make the procedures more costly, reduce the number of providers who perform procedures and/or decrease the demand for our products. In addition, heightened public focus on or fear of radiation exposure could lead to decreased demand for our products by patients or by healthcare providers who order the procedures in which our agents are used. Any of the foregoing risks could have an adverse effect on our business, financial condition, results of operations and cash flows.

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

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

On January 1, 2018, new guidelines regarding elemental impurities in brand and generic drug products went into effect. Elemental impurities, such as arsenic and lead, pose toxicological risks to patients without providing any therapeutic benefit. These impurities may be present in drug products from a variety of sources, such as interactions with equipment during the drug manufacturing process. The new guidelines require all new and existing NDAs and ANDAs for drug products with an official U.S. Pharmacopeial ("**USP**") monograph to meet the requirements in USP General Chapters 232 and 233 for the control of elemental impurities. In addition, applicants submitting NDAs and ANDAs for drug products without a USP monograph are expected to follow the recommendations in the International Council for Harmonisation ("**ICH**") Q3D Elemental Impurities guideline. The new guidelines were implemented further to draft guidance entitled "*Elemental Impurities in Drug Products*" published by the USFDA in June 2016.

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

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

Compounding is the combining, mixing or altering ingredients, in any setting, to create medication that can meet unique medical needs of individual patients. USP General Chapters 795 (*Pharmaceutical Compounding—Nonsterile Preparations*), 797 (*Pharmaceutical Compounding—Sterile Preparations*), and 800 (*Hazardous*

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

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

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

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

Risks Relating to the Notes

Our management will have discretion in the use of the net proceeds from this Offering, including as to the timing of any refinancing of existing indebtedness.

We intend to use the net proceeds from this Offering to refinance existing indebtedness and to pay associated fees and premiums over a period of time, and the balance amount for working capital and general corporate purposes. However, our management will have discretion in the use of the net proceeds from this Offering, including regarding the timing of any refinancing of our existing indebtedness. Until we use the proceeds from this Offering to refinance existing debt, we will continue to incur interest on both our outstanding indebtedness prior to this Offering as well as the Notes issued in this Offering, which may adversely affect our cash flows, liquidity and financial position, and our ability to satisfy our obligations under the Notes.

The Company is a holding company. Holders of the Notes will be effectively subordinated to all our subsidiaries' indebtedness and obligations, and the Notes will be unsecured obligations.

The Company is a holding company with no business operations and its assets mainly comprise the equity interests it holds in its subsidiaries, which are located in multiple jurisdictions. We conduct all of our operations through our subsidiaries. Accordingly, our only source of cash to pay interest and principal on our outstanding indebtedness, including our obligations under the Notes, is distributions relating to our ownership interests in our subsidiaries from the net earnings and cash flow generated by such subsidiaries or from proceeds of debt or equity offerings. The amounts of dividends and distributions available to us will depend on the profitability and cash flows of our subsidiaries and the ability of our subsidiaries to make payments to us will depend upon their cash flows and earnings which, in turn, will be affected by all of the factors discussed in these "*Risk Factors*" and elsewhere in this Offering Memorandum. Earnings and cash flow generated by our subsidiaries are first applied by such subsidiaries in conducting their operations, including the service of their respective debt obligations, after which any excess cash flow generally may be paid to the Company. See "*Description of Material Indebtedness*" for details of our other material debt obligations. In addition, the ability of our subsidiaries to make payments to us will depend on the ability of our subsidiaries to issue dividends to the Company under applicable laws and regulations (including the rules and regulations of stock exchanges and other regulatory authorities governing our subsidiaries, where applicable), or restrictions in their constitutive documents, shareholders' agreements and other legal and financial agreements to which they are party. The laws, regulations and contractual restrictions to which our subsidiaries are subject may prohibit them from making distributions or repaying or advancing intercompany loans to the Company. Subsidiaries that we do not wholly own or over whose boards we do not exercise control may furthermore fail to obtain the requisite shareholders' and board consents for any such distributions, repayments or advances, or be required to distribute dividends ratably to their shareholders in accordance with their shareholding proportion. We may not be able to service our payment obligations in respect of our indebtedness, including the Existing Senior Notes and the Notes, if our subsidiaries have limited or no means of transferring cash upstream from their operations to the Company. Our subsidiaries are legally distinct from us and, unless they guarantee the Company's debt, have no obligation to pay amounts due on the Company's debt or to make funds available to us for such payment.

Our obligations under the Notes will be effectively subordinated to (i) all existing and future obligations of our subsidiaries, and (ii) all claims of our subsidiaries' creditors, such as trade creditors and lenders, and rights of holders of preferred shares of our subsidiaries (if any) will have priority as to the assets of such entities over our claims and those of our creditors, including the holders of the Notes. The Company and our subsidiaries may incur significant additional secured or unsecured indebtedness in the future subject to the terms of the Notes. Our secured creditors would have priority as to our assets securing the related obligations over claims of the holders of the Notes in relation to the Notes. Additionally, if we incur future liabilities (including additional secured and unsecured indebtedness) that are structurally senior to the Notes, S&P and Fitch may review the ratings they have assigned to the Notes, and it is possible that they may downgrade the ratings of the Notes to account for our increased credit risk. Any downgrade of the ratings of the Notes could in turn materially and adversely affect the liquidity or market price of the Notes. Also see "*—The ratings assigned to the Notes and our corporate ratings may be lowered or withdrawn in the future*".

We may not be able to generate sufficient cash to service all of our indebtedness, including the Notes, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or refinance our debt obligations, including the Notes, depends on our consolidated financial condition and operating performance, specifically that of our material subsidiaries, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors existing in jurisdictions where we or our subsidiaries operate which may be beyond our control. We may be unable to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness, including the Notes.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance our indebtedness, including the Notes. We may not be able to effect any such alternative measures, if necessary, on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations. The credit agreements governing our other credit instruments, the indenture governing our Existing Senior Notes and the Indenture will restrict our ability to dispose of assets and use the proceeds from those dispositions and may also restrict our ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due.

Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, would materially and adversely affect our financial position and results of operations and our ability to satisfy our obligations under the Notes. If we cannot make scheduled payments on our debt, we will be in default and holders of the Notes and the Existing Senior Notes could declare all outstanding principal and interest to be due and payable, the lenders under the other debt instruments could terminate their commitments to loan money, the lenders could foreclose against the assets securing their borrowings and we could be forced into bankruptcy or liquidation. All of these events could result in your losing your investment in the Notes.

Enforcing your rights under the Notes across multiple jurisdictions may prove difficult.

The Company is incorporated under the laws of Singapore. The Notes and the Indenture will be governed by the laws of the State of New York. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in Singapore and the United States. Such multi-jurisdictional proceedings are complex, may be costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. Your rights under the Notes will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that you will be able to effectively enforce your rights in such complex multiple bankruptcy, insolvency or similar proceedings. In addition, the bankruptcy, insolvency, administrative and other laws of Singapore and the United States may be materially different from, or be in conflict with, each other and those with which you may be familiar, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply and could adversely affect your ability to enforce your rights under the Notes in the relevant jurisdictions or limit any amounts that you may receive.

Claims of our secured creditors will have priority with respect to their security over the claims of the holders of the Notes to the extent of the value of the assets securing such indebtedness.

Claims of our secured creditors will have priority with respect to the assets securing their indebtedness over the claims of holders of the Notes. As such, the claims of the holders of the Notes will be effectively subordinated to any secured indebtedness and our other secured obligations to the extent of the value of the assets securing such indebtedness or other obligations. As at December 31, 2018, we had an aggregate principal amount (without netting of debt initiation costs) of US$7.1 million of secured debt outstanding, of which nil was owed by the Company. The Indenture will allow us to incur additional secured indebtedness which will be effectively senior to the Notes. In the event that any of our secured indebtedness becomes due or the creditors thereunder proceed against the assets securing such indebtedness, the assets remaining after repayment of such secured indebtedness may not be sufficient to repay all amounts owing in respect of the Notes. As a result, holders of the Notes may receive less, ratably, than holders of secured indebtedness of the Company.

The interest of our controlling shareholders may conflict with the interest of Noteholders, and they may take actions that are not in, or may conflict with, the interest of the Noteholders.

As at December 31, 2018, the Promoter Group, indirectly through the Parent, beneficially owned 50.68% of the Company's outstanding ordinary shares. For information relating to the beneficial ownership of our shares, see "*Principal Shareholders*". These shareholders can control matters requiring approval by our shareholders, including electing directors and approving mergers or other business combination transactions.

From time to time, we enter into, and we expect to continue to enter into, transactions with entities controlled by our controlling shareholders and other related parties. See "*Related Party Transactions*" for a summary of our transactions with related parties. Although it is our policy to conduct these transactions on normal commercial terms and on an arm's-length basis and we believe that each of our transactions have been entered into on normal commercial terms and on an arm's-length basis, we cannot assure you that any amounts we may pay in these transactions would necessarily reflect the prices that would be paid by an independent third party.

If we are unable to comply with the restrictions and covenants in our debt agreements, the Existing Senior Notes Indenture or the Indenture, there could be a default under the terms of these agreements or the Indenture, which could cause repayment of our debt to be accelerated.

If we are unable to comply with the restrictions and covenants in the Indenture, the Existing Senior Notes Indenture or our current or future debt obligations and other agreements, there could be a default under the terms of these agreements. We believe that we have obtained all necessary consents from our current lenders, but we cannot assure you that the lending banks will have the same view. In the event of a default under these

agreements, the holders of the debt could terminate their commitments to lend to us, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. Moreover, our trade facilities are uncommitted and the lenders have the discretion to cancel or suspend, determine whether or not to permit drawings, and demand repayment at any time and for any reason in relation to these facilities. See "*Description of Material Indebtedness*".

Furthermore, some of our debt agreements, including the Indenture, contain cross-acceleration or cross default provisions. As a result, our default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Notes, or result in a default under our other debt agreements, including the Indenture. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay in full all of our indebtedness, or that we would be able to find alternative financing. Even if we could obtain alternative financing, we cannot assure you that it would be on terms that are favorable or acceptable to us.

Our operations are restricted by the terms of the Notes, which could limit our ability to plan for or to react to market conditions or meet our capital needs, which could increase your credit risk.

The Indenture governing the Notes includes a number of significant restrictive covenants. These covenants restrict, among other things, our ability, and the ability of our Restricted Subsidiaries, to:

- incur additional indebtedness and issue preferred stock;
- make investments or other specified restricted payments;
- enter into agreements that restrict its and its Restricted Subsidiaries' ability to pay dividends and transfer assets or make inter-company loans;
- issue or sell capital stock of Restricted Subsidiaries;
- enter into transactions with shareholders or affiliates;
- create liens;
- enter into sale and leaseback transactions;
- sell assets;
- engage in different business activities; or
- effect a consolidation or merger.

These covenants could limit our ability to plan for or react to market conditions or to meet our capital needs. Our ability to comply with these covenants may be affected by events beyond our control, and we may have to curtail some of our operations and growth plans to maintain compliance.

A trading market for the Notes may not develop and there are restrictions on resale of the Notes.

The Notes are a new issue of securities for which there is currently no trading market. Although approval in-principle has been received for the listing and quotation of the Notes on the Official List of the SGX-ST, we cannot assure you that we will obtain or be able to maintain a listing on the SGX-ST, or that, if listed, an active trading market for the Notes will develop. In addition, the Notes are being offered pursuant to exemptions from registration under the Securities Act and, as a result, you will only be able to resell your Notes in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. See "*—The Notes are subject to restrictions on resales and transfers*".

We cannot predict whether an active trading market for the Notes will develop or be sustained. We also cannot assure you that you will be able to sell your Notes at a particular time or at all, or that you will receive favorable prices for them. If no active trading market develops, you may not be able to resell your Notes at their fair market value, or at all. If the Notes are traded after their initial issuance, they may trade at a discount from their initial offering price. The liquidity of, and trading market for the Notes, may also be adversely affected by, among other things:

- prevailing interest rates;
- our operating performance and financial condition;
- the interest of securities dealers in making a market; and
- the market for similar securities.

Historically, the market for non-investment grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the Notes. It is possible that the market for the Notes will be subject to disruptions. Any disruptions may have a negative effect on holders of the Notes, regardless of our prospects and financial performance.

The Notes will initially be held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will initially only be issued in global certificated form and held through Euroclear and Clearstream. Interests in the global note certificate representing the Notes (the "**Global Certificate**") will trade in book-entry form only, and notes in definitive registered form will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners or holders of the Notes for purposes of the Indenture. The common depository for Euroclear and/or Clearstream will be the sole registered holder of the Global Certificate. Accordingly, you must rely on the procedures of Euroclear or Clearstream, and if you are not a participant in Euroclear or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the Notes under the Indenture. Upon the occurrence of an Event of Default under the Indenture, unless and until definitive registered notes are issued with respect to all book- entry interests, if you own a book-entry interest, you will be restricted to acting through the relevant clearing system. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes. See "*Description of the Notes—Book-Entry; Delivery and Form*".

The ratings assigned to the Notes and our corporate ratings may be lowered or withdrawn in the future.

The Notes are assigned a rating of BB- and BB by S&P and Fitch, respectively. The ratings address our ability to perform our obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. We cannot assure you that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. We have no obligation to inform holders of the Notes of any such revision, downgrade or withdrawal. A suspension, reduction or withdrawal at any time of the rating assigned to us or the Notes may adversely affect the liquidity or market price of the Notes. One or more of the ratings agencies have taken into account the creditworthiness of our Parent when assessing our creditworthiness and any deterioration of our Parent's creditworthiness may negatively affect the ratings assigned to the Notes.

Many of the covenants in the Indenture will be suspended if the Notes are rated investment grade by two of Standard & Poor's Rating Services, Moody's Investor Service, Inc. and Fitch, Inc.

Many of the covenants in the Indenture will be suspended if the Notes are rated investment grade with a stable outlook by two of S&P, Moody's and Fitch provided at such time no Default under the Indenture has occurred and is continuing. There can be no assurance that the Notes will ever be rated investment grade, or if they are rated investment grade, that the Notes will maintain such ratings. If on any date following the Issue Date the Notes are assigned an investment grade rating from two of S&P, Moody's Investor Service, Inc. and Fitch and no Default shall have occurred and be continuing, then the following provisions of the Indenture will not apply to the Notes: "*Description of the Notes—Certain Covenants—Limitation on Indebtedness*"; "*—Limitation on Restricted Payments*"; "*—Limitation on Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries*"; "*—Limitation on Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries*"; "*—Limitation on Sale and Leaseback Transactions*"; "*—Limitation on Asset Sales*"; and clause (4) summarized under "*—Consolidation, Merger or Sale of Assets*".

If and while the Company and the Restricted Subsidiaries are not subject to these suspended covenants, the Notes will be entitled to substantially less covenant protection. In the event that the Company and the Restricted Subsidiaries are not subject to these suspended covenants under the Indenture for any period of time as a result of the foregoing, and on any subsequent date one or both of the rating agencies withdraw their investment grade rating or downgrade the rating assigned to the Notes below an investment grade rating, then the Company and the Restricted Subsidiaries will thereafter again be subject to these suspended covenants under the Indenture with respect to future events.

Notwithstanding the foregoing, in the event of any such reinstatement, reinstated covenants will not, be of any effect with regard to actions of the Company or any Restricted Subsidiary properly taken in compliance with the provisions of the Indenture during the continuance of the Suspension Period, and following reinstatement (1) the calculations under the covenant summarized under "*—Certain Covenants—Limitation on Restricted Payments*"

will be made as if such covenant had been in effect since the date of the Indenture except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended and (2) all Indebtedness incurred, or Disqualified Stock or preferred stock issued, during the Suspension Period will be classified to have been incurred or issued pursuant to clause (2)(b) of the covenant summarized under "*Description of the Notes—Certain Covenants—Limitation on Indebtedness*" Upon the occurrence of a Suspension Period, the amount of Excess Proceeds shall be reset at to the amount in effect at the beginning of the Suspension Period. Capitalized terms used in this paragraph have the meanings given to them under "*Description of the Notes*". See "*Description of the Notes—Certain Covenants—Suspension of Certain Covenants*".

The liquidity and price of the Notes following the offering may be volatile.

The price and trading volume of the Notes may be highly volatile. Factors such as variations in our revenues, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies, government regulations and changes thereof applicable to our industry and general economic conditions nationally or internationally could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the trading volume and price of the Notes. We cannot assure you that these developments will not occur in the future.

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

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

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

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

The Notes are subject to restrictions on resales and transfers.

The Notes have not been registered under the Securities Act or any U.S. state securities laws or under the securities laws of any other jurisdiction and are being issued and sold in reliance upon exemptions from registration provided by such laws. No Notes may be sold or transferred unless such sale or transfer is exempt from the registration requirements of the Securities Act (for example, in reliance on the safe harbor provided by Regulation S under the Securities Act) and applicable state securities laws. For certain restrictions on resales and transfers, see "*Plan of Distribution—Selling Restrictions*" and "*Transfer Restrictions*". We cannot assure that any further offers and sales of the Notes within the United States and other countries comply with all applicable securities laws.

Investment in the Notes may subject investors to foreign exchange risks.

The Notes are denominated and payable in U.S. dollars. If an investor measures its investment returns by reference to a currency other than U.S. dollars, an investment in the Notes entails foreign exchange related risks, including possible significant changes in the value of the U.S. dollars relative to the currency by reference to which an investor measures its investment returns, due to, among other things, economic, political and other factors over which we have no control. Depreciation of the U.S. dollars against such currency could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss when the return on the Notes is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign exchange gains resulting from any investment in the Notes.

Singapore taxation risk.

The Notes to be issued are intended to be "qualifying debt securities" for the purposes of the Income Tax Act (Chapter 134 of Singapore), subject to the fulfilment of certain conditions more particularly described in the

section "*Taxation—Singapore Taxation*". However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws or MAS circulars be amended or revoked at any time.

We will follow the applicable corporate disclosure standards for debt securities listed on the SGX-ST, and as such standards may be different from those applicable to debt securities listed in certain other countries.

We will be subject to reporting obligations in respect of the Notes to be listed on the SGX-ST. The disclosure standards imposed by the SGX-ST may be different than those imposed by securities exchanges in other countries or regions. As a result, the level of information that is available in these countries may not correspond to what investors in the Notes are accustomed to.

USE OF PROCEEDS

We estimate that the net proceeds to the Company from the sale of the Notes pursuant to the Offering will be approximately US$198.6 million after deducting the underwriters' commissions and estimated offering expenses in connection with the issue of the Notes. We intend to use a major portion of the net proceeds to refinance existing indebtedness and pay associated fees and premiums over a period of time, and the balance amount for working capital and general corporate purposes.

CAPITALIZATION AND INDEBTEDNESS

The following table shows, as at December 31, 2018:

- our Group's actual capitalization and indebtedness; and
- our Group's capitalization as adjusted to give effect to the issuance of the Notes.

The following table has not been adjusted to reflect any application of proceeds for the repayment of existing indebtedness described under "*Use of Proceeds*". You should read the following table together with "*Use of Proceeds*", "*Selected Consolidated Financial and Other Information*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and our audited consolidated financial statements prepared under IFRS included herein.

	As at December 31, 2018	
	Actual	As adjusted
	(US$ thousands)	
Cash and cash equivalents[(1)]	59,609.6	258,224.2
Short-term borrowings	9,987.3	9,987.3
Non-current borrowings[(2)]:		
Long-term borrowings	103,041.3	103,041.3
Existing Senior Notes at amortized cost[(3)]	297,236.0	297,236.0
Notes to be issued[(4)]	—	200,000.0
Total indebtedness	**410,264.6**	**610,264.6**
Equity:		
Share capital	326,759.0	326,759.0
Reserves and surplus	93,057.5	93,057.5
Total equity	**419,816.5**	**419,816.5**
Total capitalization[(5)]	**830,081.1**	**1,030,081.1**

Notes:

(1) Cash and cash equivalents, as adjusted, reflects the net proceeds from this offering of US$198.6 million, which will be used as described in the "*Use of Proceeds*" section of this Offering Memorandum.

(2) Non-current borrowings exclude the current portion of long-term borrowings.

(3) Reflects US$300 million aggregate principal amount of Existing Senior Notes less approximately US$2.8 million of amortized costs.

(4) The aggregate principal amount of the Notes to be issued has not taken into account the effect of transaction costs and expenses.

(5) Total capitalization represents borrowings plus total equity.

Except as otherwise disclosed in this Offering Memorandum, there has been no material change in our capitalization or indebtedness since December 31, 2018.

SELECTED CONSOLIDATED FINANCIAL AND OTHER INFORMATION

You should read the selected consolidated financial information presented below in conjunction with our consolidated financial statements and the notes thereto included elsewhere in this Offering Memorandum. You should also read the sections in this Offering Memorandum entitled "Capitalization and Indebtedness" and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

We have derived our selected consolidated financial information presented in the tables below from our audited consolidated financial statements for the financial years ended March 31, 2017 and 2018 and our unaudited interim consolidated financial statements for the nine months ended December 31, 2017 and 2018, which are included elsewhere in this Offering Memorandum.

Our consolidated financial statements as at and for the financial years ended March 31, 2017 and 2018 included elsewhere in this Offering Memorandum, is prepared in accordance with IFRS, as issued by IASB, audited by KPMG in accordance with International Standards on Auditing. Our unaudited interim consolidated financial statements as at December 31, 2018 and for the nine months ended December 31, 2017 and 2018 have been reviewed by KPMG, as stated in their review report appearing elsewhere in this Offering Memorandum.

Our consolidated financial statements are reported in U.S. dollars and prepared in accordance with IFRS.

Consolidated Selected Information of Profit or Loss and Other Comprehensive Income

	Financial Year Ended March 31		Nine Months Ended December 31	
	2017	2018	2017	2018
	(US$ thousands)			
Revenue from operations	460,572.1	619,165.6	426,760.4	562,858.8
Other income	606.0	1,669.1	471.1	6,576.6
Total income	**461,178.1**	**620,834.7**	**427,231.5**	**569,435.4**
Cost of materials consumed	(104,617.1)	(159,871.6)	(110,341.2)	(151,498.2)
Purchases of stock-in-trade	(8,339.2)	(11,150.6)	(8,045.0)	(9,229.0)
Changes in inventories of finished goods, stock-in-trade and work-in progress	10,420.3	2,232.1	7,235.4	13,440.3
Employee benefits expense	(131,587.1)	(179,923.9)	(126,111.9)	(160,275.3)
Depreciation, amortization and impairment	(31,089.1)	(55,719.5)	(25,947.6)	(29,921.1)
Other expenses	(88,142.9)	(120,667.9)	(85,903.9)	(106,547.5)
Result from operating activities	**107,823.0**	**95,733.3**	**78,117.3**	**125,404.6**
Finance income	2,125.3	4,606.8	3,472.3	3,443.8
Finance costs	(36,740.4)	(27,488.5)	(20,198.8)	(18,596.6)
Net finance costs	**(34,615.1)**	**(22,881.7)**	**(16,726.5)**	**(15,152.8)**
Profit before tax	**73,207.9**	**72,851.6**	**61,390.8**	**110,251.8**
Income tax expense	(22,947.9)	(23,734.7)	(17,788.1)	(33,251.0)
Profit for the year/period	**50,260.0**	**49,116.9**	**43,602.7**	**77,000.8**
Other comprehensive income/(loss)				
Items that will be reclassified to profit or loss				
Exchange differences on translation of foreign operations	2,707.8	6,865.4	17,831.4	(33,151.7)
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit obligations	(240.1)	(72.8)	(187.3)	(46.4)
Income tax relating to items that will not be reclassified to profit or loss	83.1	26.2	64.8	16.2
Other comprehensive income / (loss) for the year / period, net of tax	2,550.8	6,818.8	17,708.9	(33,181.9)
Total comprehensive income for the year / period	**52,810.8**	**55,935.7**	**61,311.6**	**43,818.9**

Consolidated Selected Information of Financial Position

	As at March 31		As at December 31
	2017	2018	2018
	(US$ thousands)		
Non-current assets			
Property, plant and equipment	262,522.3	278,365.9	281,134.5
Goodwill	153,002.4	168,634.1	163,679.3
Other intangible assets	125,605.9	117,320.4	109,641.9
Investments	—	—	—
Other financial assets	50,742.0	50,843.7	47,578.1
Income tax assets	94.9	1,423.0	1,329.8
Deferred tax assets (net)	24,397.6	25,760.0	23,214.4
Other non-current assets	2,754.1	4,763.3	5,973.2
Total non-current assets	**619,119.2**	**647,110.4**	**632,551.2**
Current assets			
Inventories	108,242.5	112,185.9	130,766.3
Trade receivables	95,450.9	105,942.0	101,297.4
Other financial assets	1,217.9	8,679.5	9,367.0
Income tax assets	1,390.7	910.7	1.5
Other current assets[(1)]	14,089.6	23,213.4	28,335.3
Cash and cash equivalents	48,409.1	27,086.5	59,609.6
Total current assets	**268,800.7**	**278,018.0**	**329,377.1**
Total assets	**887,919.9**	**925,128.4**	**961,928.3**
Equity			
Equity share capital	326,759.0	326,759.0	326,759.0
Merger reserve	(68,787.7)	(68,787.7)	(68,787.7)
Retained earnings	111,186.5	160,303.4	229,135.1
Foreign currency translation reserve	(29,087.6)	(22,222.2)	(55,373.9)
Other components of equity	(11,839.3)	(11,885.8)	(11,916.0)
Total equity attributable to owners of the Company	**328,230.9**	**384,166.7**	**419,816.5**
Non-current liabilities			
Loans and borrowings	406,191.0	394,002.3	400,277.3
Employee benefits	3,208.7	3,808.7	3,554.0
Deferred tax liabilities (net)	18,869.1	16,693.8	19,269.8
Provisions	—	2,168.8	2,182.3
Other non-current liabilities	1,494.8	1,190.5	1,032.2
Total non-current liabilities	**429,763.6**	**417,864.1**	**426,315.6**
Current liabilities			
Loans and borrowings	38,894.1	14,490.0	9,987.3
Employee benefits	12,000.5	16,956.5	16,088.4
Trade payables	50,187.2	62,176.8	65,478.3
Other financial liabilities	11,532.8	11,488.9	11,926.3
Income tax liabilities	9,188.8	9,395.3	5,470.7
Other current liabilities	8,122.0	8,590.1	6,845.3
Total current liabilities	**129,925.4**	**123,097.6**	**115,796.3**
Total liabilities	**559,689.0**	**540,961.7**	**542,111.9**
Net assets	**328,230.9**	**384,166.7**	**419,816.5**
Total equity and liabilities	**887,919.9**	**925,128.4**	**961,928.4**

Note:

(1) Includes recoverable from government authorities of US$6,159,604 and US$12,015,799 for the financial years ended March 31, 2017 and 2018 as discussed in note 8 of our consolidated financial statements included elsewhere in this Offering Memorandum. The increase in recoverable from government authorities from US$6,159,604 in the financial year ended March 31, 2017 to US$12,015,799 in financial year ended March 31, 2018 is primarily on account of GST recoverable.

Consolidated Selected Information of Cash Flows

	Financial Year Ended March 31		Nine Months Ended December 31	
	2017	2018	2017	2018
	(US$ thousands)			
Operating cash flow before working capital changes	139,595.1	151,465.3	104,081.9	152,304.9
Cash generated from operations	147,621.7	143,660.1	110,012.3	129,849.1
Net cash generated from operating activities	128,559.1	115,762.9	83,057.8	98,817.5
Net cash used in investing activities	(88,252.5)	(67,016.2)	(52,725.5)	(34,132.7)
Net cash used in financing activities	(17,970.7)	(69,902.0)	(51,039.8)	(30,551.9)
Cash and cash equivalents at the end of the year/period	48,409.1	27,086.5	28,729.4	59,609.6

Reconciliation of Profit for the Year / Period to Adjusted EBITDA

The following table reconciles our profit for the year/ period under IFRS to our definition of Adjusted EBITDA and Adjusted EBITDA Margin for the periods indicated:

	Financial Year Ended March 31		Nine Months Ended December 31	
	2017	2018	2017	2018
	(US$ thousands)			
Profit for the year/ period	50,260.0	49,116.9	43,602.7	77,000.7
Add:				
Finance costs (net)[1]	34,615.1	22,881.7	16,726.5	15,152.8
Income tax expense	22,947.9	23,734.7	17,788.1	33,251.0
Depreciation, amortization and impairment	31,089.1	55,719.5	25,947.6	29,921.1
Adjusted EBITDA	138,912.1	151,452.8	104,064.9	155,325.6
Revenue from operations (net)	460,572.1	619,165.6	426,760.4	562,858.8
Adjusted EBITDA Margin[2]	30.2%	24.5%	24.4%	27.6%

Notes:

(1) Finance costs net of finance income.

(2) Adjusted EBITDA Margin is defined as Adjusted EBITDA for the period divided by total revenues for that period.

We use Adjusted EBITDA to provide additional information about our operating performance. We define Adjusted EBITDA as profit before tax expense, finance cost, net and depreciation, amortization and impairment. Adjusted EBITDA and Adjusted EBITDA Margin are not standard measures, nor measures of financial performance or liquidity under IFRS, and should not be considered alternatives to result from operating activities, profit before tax, profit for the year/ period or any other performance measure derived in accordance with IFRS or as an alternative to cash flow from operating activities. Adjusted EBITDA and Adjusted EBITDA Margin are supplemental measures of the Group's performance that are not required by, or presented in accordance with IFRS.

As a measure of operating performance, we believe that the most directly comparable measure to Adjusted EBITDA is profit for the year/ period. We use Adjusted EBITDA in addition to profit for the year/ period because profit for the year/ period includes many accounting items associated with capital expenditures, such as depreciation, as well as certain other non-operating transactions, such as finance income and finance costs and income tax expenses. These accounting items may vary between companies depending on the method of accounting adopted by each company. By minimizing differences in capital expenditures and the associated depreciation expenses as well as reported tax positions, goodwill amortization and finance income and costs, Adjusted EBITDA provides further information about our operating performance and an additional measure for comparing our operating performance with other companies' results. Funds depicted by Adjusted EBITDA may not be available for debt service due to covenant restrictions, capital expenditure requirements and other commitments. Our calculation of Adjusted EBITDA may be different from other companies and hence may not be entirely comparable and may limit its usefulness as a comparative measure.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our consolidated financial statements and financial information and operating data included elsewhere in this Offering Memorandum. This discussion contains forward-looking statements that reflect our current views with respect to future events and financial performance. See "Forward-Looking Statements" for a discussion of the risks relating to such forward-looking statements. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of factors such as those set forth under "Risk Factors" and elsewhere in this Offering Memorandum. Under no circumstances should the inclusion of forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by us, the Joint Global Coordinators or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as at the date hereof. Our consolidated financial statements included elsewhere in this Offering Memorandum have been prepared in accordance with IFRS, which may differ in certain significant respects from generally accepted accounting principles in other countries, including U.S. GAAP. Our consolidated financial statements for the financial year ended March 31, 2018 and our interim consolidated financial statements for the nine months ended December 31, 2018 give effect to the completion of our acquisition of our radiopharmacy business from Triad as at September 1, 2017. As a result, the period-to-period comparison of our financial results for the financial years ended March 31, 2017 and 2018 and for the nine months ended December 31, 2017 and 2018, are not strictly comparable and you should not use such comparisons as a basis for your investment or to predict our future performance.

Overview

We are a global integrated pharmaceutical company offering a wide range of products and services to our customers across geographies. We organize our business into two segments, namely, Specialty Pharmaceuticals, comprising radiopharmaceuticals (including radiopharmacies), contract manufacturing of sterile injectables and non-sterile products ("**CMO**") and allergy therapy products, and Generics & APIs, comprising solid dosage formulations and active pharmaceutical ingredients ("**APIs**"). Specialty Pharmaceuticals accounted for close to two-thirds of our total revenue from operations for the financial year ended March 31, 2018, and Generics & APIs accounted for the remainder. As at December 31, 2018, we supplied our products and services to customers in over 80 countries. North America, where a majority of our customers are based, accounted for a significant portion of our total revenue from operations for the financial year ended March 31, 2018. We have four manufacturing facilities in North America and two in India, coupled with research and development ("**R&D**") centers in North America and India. In addition, we have a distribution network of more than 50 radiopharmacies in the United States. All of our manufacturing facilities are registered with the USFDA and Health Canada, among other regulatory bodies, and all of our radiopharmacies are licensed by state boards of pharmacy in each applicable jurisdiction. As previously announced on July 30, 2018, we are evaluating the option of fundraising through an initial public offering.

A summary of our business segments is outlined below:

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

- *Contract Manufacturing of Sterile Injectables and Non-Sterile Products (CMO)*—We are an integrated contract manufacturer with a broad range of capabilities, which includes developing and producing sterile injectables and non-sterile products. We believe we have predictability and stability in our CMO business underpinned by long-term contracts we have entered into with such customers. We focus on the delivery of clinical and commercial fill and finish services for sterile parenteral pharmaceuticals, utilizing both liquid and lyophilization capabilities. Additional capabilities include the manufacture of sterile and non-sterile ophthalmics, ampoules, creams, ointments and liquids. Our key markets for sterile injectables and non-sterile products are North America and Europe. Our CMO manufacturing facilities, Spokane Facility and CMO Montreal Facility, have obtained USFDA and Health Canada certifications for their manufacturing processes. Our customer base includes leading innovative pharmaceutical companies in the United States, as well as other companies and organizations in the pharmaceutical and biotechnology industries in North America, Europe and Asia. We contract manufacture cold kits at our CMO Montreal Facility to support our radiopharmaceutical products.
- *Allergy Therapy Products*—We provide allergy therapy products to the allergy specialty industry with a product offering range of over 200 different allergenic extracts and standard allergy vaccine mixtures as well as six different insect venom products for the treatment of allergies to insect stings. According to Frost & Sullivan, we are one of the top three players in the allergenic extract market in the United States with a market share of 17.6% and are currently the sole producer and supplier of venom products for the treatment of allergies in the United States. We produce and market a number of products under the "HollisterStier" brand. Our allergy therapy products business line has traditionally focused on North America as our key market, where we believe we have generated significant brand loyalty due to the quality of our products and long-standing operating history. We also market some of our key products such as allergenic extracts and venom extracts in Canada, Europe, Australia, New Zealand and South Korea through distributors. Our allergy therapy products are manufactured at our Spokane Facility. The primary target user base of our allergy therapy products are allergists; ear, nose and throat physicians; general physicians and hospital-based clinics across North America.

- *Generics & APIs*
  - *Solid Dosage Formulations*—We are engaged in the development, manufacture, sale and distribution of prescription generic pharmaceutical products principally in the United States, and with a growing presence in Europe, Canada, Japan, Australia, as well as the rest of the world. We focus primarily on the manufacture and sale of solid dosage formulations for CVS, CNS, GI and anti-allergy therapeutic categories. According to Frost & Sullivan, we are one of the market leaders in the United States, based on our market share of several key products. As at December 31, 2018, in the United States, we had 28 commercialized solid dosage formulations available. We also have a strong pipeline of products pending approval in a number of jurisdictions. For example, in the United States, since we commenced operations through to December 31, 2018, we have made a total of 96 ANDA filings for solid dosage formulations, of which 35 are pending approval. Our solid dosage formulations business derives benefit from backward integration into our API business and we have two manufacturing facilities for solid dosage formulations, our Salisbury Facility and our Roorkee Facility, both of which are registered with the USFDA and Health Canada.
  - *Active Pharmaceutical Ingredients (APIs)*—We develop and produce APIs in the therapeutic areas of the CVS, CNS, GI, anti-infectives and anti-depressants. According to Frost & Sullivan, we are one of the global suppliers for several key API products based on market share. Approximately 80% of our commercialized portfolio is in lifestyle driven therapeutic areas such as CVS and CNS, catering to an increasing incidence of lifestyle-related medical conditions or non-communicable diseases including cardiac ailments and seizures. Our APIs are produced at manufacturing plants in our Nanjangud Facility. As at December 31, 2018, we had 39 commercialized APIs available globally and had filed 94 DMFs in the United States. Our APIs are exported worldwide, into emerging as well as developed markets. Our key markets are North America, South America, Europe, Japan, Korea, Commonwealth of Independent States (CIS) countries, the Middle East and Australia. According to our internal estimates, we believe approximately 60.0% of our sales are to regulated markets, namely, the United States, Europe and Japan. Our APIs are primarily sold to manufacturers of formulations of generic drugs and used in our solid dosage formulations business line. Approximately 15% of our APIs we produce are used in-house for the manufacturing of solid dosage formulations by the Group.

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

	Financial Year Ended March 31				Nine Months Ended December 31			
	2017		2018		2017		2018	
	(US$ thousands)	(%)	(US$ thousands)	(%)	(US$ thousands)	(%)	(US$ thousands)	(%)
Specialty Pharmaceuticals								
Radiopharmaceuticals	121,602.4	26.4	265,060.6	42.8	176,663.2	41.4	267,944.6	47.6
Contract Manufacturing of Sterile Injectables and Non-Sterile Products (CMO)	88,740.6	19.3	100,863.4	16.3	66,847.6	15.7	81,630.6	14.5
Allergy Therapy Products	36,350.9	7.9	43,598.8	7.0	32,421.5	7.6	38,066.5	6.8
Sub-total Specialty Pharmaceuticals	**246,694.0**	**53.6**	**409,522.9**	**66.1**	**275,932.3**	**64.7**	**387,641.6**	**68.9**
Generics & APIs								
Solid Dosage Formulations	121,992.8	26.4	123,540.8	20.0	88,854.7	20.8	109,629.9	19.4
Active Pharmaceutical Ingredients (APIs)	91,885.4	20.0	86,101.9	13.9	61,973.4	14.5	65,587.4	11.7
Sub-total Generics & APIs	**213,878.1**	**46.4**	**209,642.7**	**33.9**	**150,828.2**	**35.3**	**175,217.2**	**31.1**
Revenue from operations (net)	**460,572.1**	**100.0**	**619,165.6**	**100.0**	**426,760.4**	**100.0**	**562,858.8**	**100.0**

Financial Impact of Our Recent Acquisition of our Radiopharmacy Business

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

Consolidation of our Financial Statements

The Company's consolidated financial statements are prepared in accordance with IFRS as issued by the IASB.

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

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

Operating Segments

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

Significant Factors Affecting our Results of Operations

Products and Services Offered

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

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

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

	Financial Year Ended March 31				Nine Months Ended December 31			
	2017		2018		2017		2018	
	(US$ thousands)	(%)	(US$ thousands)	(%)	(US$ thousands)	(%)	(US$ thousands)	(%)
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Radiopharmaceuticals	121,602.4	26.4	265,060.6	42.8	176,663.2	41.4	267,944.6	47.6
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Sub-total Specialty Pharmaceuticals	**246,694.0**	**53.6**	**409,522.9**	**66.1**	**275,932.3**	**64.7**	**387,641.6**	**68.9**
Generics & APIs								
Solid Dosage Formulations	121,992.8	26.4	123,540.8	20.0	88,854.7	20.8	109,629.9	19.4
Active Pharmaceutical Ingredients (APIs)	91,885.4	20.0	86,101.9	13.9	61,973.4	14.5	65,587.4	11.7
Sub-total Generics & APIs	**213,878.1**	**46.4**	**209,642.7**	**33.9**	**150,828.2**	**35.3**	**175,217.2**	**31.1**
Revenue from operations (net)	**460,572.1**	**100.0**	**619,165.6**	**100.0**	**426,760.4**	**100.0**	**562,858.8**	**100.0**

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

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

Accordingly, the launch of new products and services and the increase in volume of products sold has continued to have a positive impact on our overall revenues and profitability. We intend to further expand and improve our product portfolio and use innovative technologies to develop new products and improve existing products. We anticipate that future new product launches for our solid dosage formulations and radiopharmaceutical business lines, including mIBG sales, when launched, will contribute significantly to our revenue growth in the future.

Research and Development of New Products

The research and development of new innovative pharmaceutical products is essential to continued positive results of operations. Accordingly, the nature of our R&D expenses and our ability to successfully launch products currently under development may have a material impact on our results of operations in a particular

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

In the United States, since we commenced operations through to December 31, 2018, we have made a total of 111 ANDA filings (of which 96 are for solid dosage formulations, four are for sterile injectables and 11 for radiopharmaceuticals), 37 of which were pending for approval (of which 35 are for solid dosage formulations two are for sterile injectables) and three of which were inactive radiopharmaceuticals. Of the 111 ANDA filings made, we have received 74 approvals, of which 61 are for solid dosage formulations, two are for sterile injectables and eight are for radiopharmaceuticals. As at December 31, 2018, we have commercialized 54 solid dosage formulations, and eight radiopharmaceuticals.

As at December 31, 2018, we have been granted patents for intellectual property in various countries for innovations, including 19 active patents granted relating to APIs in a number of different countries, five active patents granted relating to solid dosage formulations in a number of different countries, 123 active patents granted relating to radiopharmaceutical products in a number of different countries and one active patent granted relating to allergy therapy products in the United States.

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

Production Capacity and Utilization

Our results of operations are directly affected by our sales volume, which in turn is a function of several factors, including our production capacity and market demand. As such, a key driver of sales growth is increased production volume at our facilities. As at December 31, 2018, we operate six manufacturing facilities across India and North America (being the United States and Canada) and a network of 51 radiopharmacies across 22 states in the United States. For more information relating to our historic capacity and utilization, see "*Business—Capacity and Utilization*". We will continue to seek opportunities to increase production volume by expanding and/or upgrading our production facilities, enhancing the overall effectiveness of our other facilities and the overall utilization of all our assets. This may include capital expenditures and investments for the following: expansion in capacity of lyophilization for our CMO business line, additions to the product portfolio and expanding capacities in our allergy therapy products business line and investment in solid dosage formulations and APIs in India to add new production capacities and/or products to the portfolio. See "*Business—Business Strategies*" and "*Business—Facilities and Offices*" for further information.

Pricing and Government Regulation

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

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

Governmental policies in countries outside the United States also impact the prices we set for our products sold in such countries, though only to a lesser extent. For example, in Canada, Health Canada monitors and controls prices of patented drug products marketed in Canada by persons holding, or licensed under, one or more patents. The existence of one or more patents relating to a drug product triggers a governmental price control regime that significantly affects the Canadian pharmaceutical industry's ability to set pricing. Furthermore, in each province

of Canada there is a drug benefit formulary. A formulary lists the drugs for which a provincial government will reimburse qualifying persons and the prices at which the government will reimburse such persons. Provincial governments generally will reimburse the lowest available price of the generic equivalents of any drug listed on the formulary list of a province. Consequently, provincial formulary regimes tend to encourage the sale of lower-priced versions of pharmaceutical products. In the case of Japan, the government has the authority to set retail prices for prescription drugs, especially in the context of sales reimbursed by national health programs. In Europe, the governments of many emerging countries also have national health programs with similar price control systems. In Europe, drug prices have recently decreased due to measures implemented in countries to control drug costs, and drug prices continue to experience downward pressure due to parallel imports, increased competition in generics, increasing use of health technology assessment based upon cost-effectiveness and other factors.

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

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

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

Three out of six of our manufacturing facilities were inspected by the USFDA in the financial year ended March 31, 2018. Of the remaining sites, the Salisbury Facility was inspected in April 2018, the CMO Montreal Facility was inspected in May 2018 and the Roorkee Facility was inspected in August 2018. Most recently, our Spokane Facility was inspected by the USFDA and the CBER USFDA in October 2018, and our Nanjangud Facility was jointly inspected by the USFDA and Health Canada in December 2018. Several of these recent inspections resulted in the issuance of Form-483 inspectional observations, including inspections of our Roorkee Facility, Nanjangud Facility, Spokane Facility and CMO Montreal Facility. Our radiopharmacy in Kansas City was also inspected in June 2017, before we acquired it in September 2017, for which Form-483 inspectional observations were issued. As of the date of this Offering Memorandum, we have not received the EIRs from the most recent inspections of the Spokane Facility, the Roorkee Facility, the Nanjangud Facility or the Kansas City radiopharmacy. We believe the findings from both the Spokane Facility and the Kansas City radiopharmacy inspections have been corrected and are awaiting verification by the USFDA. We have responded to the Form-483 inspectional observations for the Roorkee Facility. Subsequently, the USFDA has classified the inspection at the facility as "Official Action Indicated" through a letter dated November 27, 2018. While we have responded to the USFDA and contested this classification pursuant to our letter dated December 14, 2018, an "Official Action Indicated" classification can result in further regulatory action and the USFDA may also withhold approval for any pending applications in which the Roorkee Facility is listed. Further in respect of our Nanjangud Facility, we have responded to the Form-483 observations from the USFDA in a timely manner. We are of the view that these Form-483 inspectional observations will not affect our current commercial business.

We work to address any inspectional observations in a timely manner to obtain the EIRs from these inspections, indicating formal closure of the inspections as of the date of the respective EIRs. In addition to inspections by the USFDA, in the financial year ended March 31, 2018, we were inspected by a number of other regulatory agencies, including, Health Canada (CMO Montreal Facility and Nanjangud Facility), CDSCO in India (Roorkee Facility), ANVISA Brazil (Spokane Facility) and RP Darmstadt Germany (Roorkee Facility), and in the nine months ended December 31, 2018, we were inspected by Health Canada (JDI Montreal Facility and Nanjangud Facility (joint inspection with the USFDA as described above)). Health Canada, has pursuant to its joint inspection with the USFDA of the Nanjangud Facility, issued to us the same observations as the USFDA as part of their inspection exit notice on December 21, 2018. We responded to Health Canada on January 22, 2019 with details of our corrective and preventive actions. On January 16, 2019, the Nanjangud Facility received a letter

from Health Canada indicating a NC rating and with an opportunity to appeal within 10 business days. We have submitted our appeal on January 25, 2019 with a justification to reconsider the NC rating. We are currently in the process of engaging with Health Canada to remediate the concerns with our corrective and preventive actions.

Patent Protection and Generics & APIs

Generics & APIs is a key business segment for us, and we expect that pricing pressures on patented drugs will continue to shift consumer demand to generics as prices decrease. Pricing pressures on patented drugs are due to the increasing and/or high prices of patented drugs, which makes such patented drugs more susceptible to a decline in prices of generic drugs. As patented drugs are relatively more expensive as compared to generic drugs, for which the pricing trend is generally decreasing, the demand for drugs is shifting towards generic drugs, which cost relatively less. As patented drugs are relatively more expensive as compared to generic drugs, for which the pricing trend is generally decreasing, the demand for drugs is shifting towards generic drugs, which cost relatively less.

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

Legal protections and remedies for intellectual property are significant factors in determining the competitiveness of and demand for, as well as the prices of, our generics & APIs products. From time to time, we may also be involved in patent disputes, claims, or proceedings or in patent infringement suits brought by third parties. Unfavorable resolution of any such claims or proceedings could have a material adverse effect on our results of operations and/or cash flow in any given accounting period, or on our overall financial condition. For more information, see "*Risk Factors—Risks Relating to our Business—If we are unable to defend ourselves in challenges related to intellectual property rights, we could be subject to injunctions preventing us from selling our products, resulting in a decrease in revenues, or we could be subject to substantial liabilities that would lower our profits and adversely affect our financial condition*" and "*Business—Legal Proceedings*".

Our Ability to Manage Cost of Materials Consumed

Cost of materials consumed consists of the cost of raw materials used in the manufacturing of our products. Our cost of materials consumed are generally impacted by production volumes, mix of products, the prices paid for raw materials, production efficiency and cost control measures adopted. Cost of materials consumed is a significant component of our total expenses comprising 22.7%, 25.8% and 26.9% of our revenue from operations (net) in the financial years ended March 31, 2017 and 2018 and the nine months ended December 31, 2018, respectively. Cost of materials consumed increased between the financial years ended March 31, 2017 to March 31, 2018 due to the additional materials consumed by our newly acquired radiopharmacies.

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

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

Geographic Mix

The mix of countries in which our products are sold, has changed, and, we expect, will continue to change over time, which impact our profitability. As at December 31, 2018, our products are sold in over 80 countries either through a dedicated sales and marketing team or, in countries where we are less established, through third party distributors.

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

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

	Financial Year Ended March 31				Nine Months Ended December 31			
	2017		2018		2017		2018	
	(US$ thousands)	(%)	(US$ thousands)	(%)	(US$ thousands)	(%)	(US$ thousands)	(%)
North America	325,091.8	70.6	495,649.5	80.1	340,782.5	79.9	461,301.2	82.0
Europe	80,225.3	17.4	57,794.6	9.3	42,632.7	10.0	49,882.1	8.9
Asia	31,977.3	6.9	39,502.5	6.4	28,000.4	6.6	31,518.9	5.6
Rest of the world	23,277.7	5.1	26,219.1	4.2	15,344.8	3.6	20,156.7	3.6
Revenue from operations (net)	**460,572.1**	**100.0**	**619,165.6**	**100.0**	**426,760.4**	**100.0**	**562,858.8**	**100.0**

Our Ability to Effectively Compete with Other Market Participants

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

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

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

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

Foreign Currency Exchange Rate Exposure

North America, where a majority of our customers are based, accounted for 80.1% and 82.0% of our total revenue from operations for the financial year ended March 31, 2018 and the nine months ended December 31, 2018, respectively. See "*—Significant Factors Affecting our Results of Operations—Geographic Mix*". To a lesser extent, we also manufacture and sell products to customers outside North America in multiple foreign currencies and face translation and transaction risks related to fluctuations in the exchange rates of such currencies. Our consolidated financial statements are presented in U.S. dollars, and by translating the foreign currency financial statements of our foreign subsidiaries into U.S. dollars, the amounts of our revenue from operations (net), profit for the year and total assets, on a consolidated basis, are affected by prevailing rates of exchange, in particular for Canadian dollars and Indian rupee.

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

Interest Rate Exposure

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

As at March 31, 2018 and December 31, 2018, 3.0% and 2.1% of our total indebtedness bore interest at floating rates, respectively.

Critical Accounting Policies

The consolidated financial statements of the Group have been prepared in conformity with IFRS.

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

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

Our critical accounting policies are described below. See Note 2 of our consolidated financial statements, for a summary of all our significant accounting policies.

Basis of preparation

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

Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and the entities controlled by the Company including its subsidiaries and partnerships. Subsidiaries are entities controlled by the

Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has (i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee); (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including (i) the contractual arrangement with the other vote holders of the investee; (ii) rights arising from other contractual arrangements; (iii) the Group's voting rights and potential voting rights; and (iv) the size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

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

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

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., financial year ended on March 31. When the end of the reporting period of the parent is different from that of a member of the Group, the member prepares, for consolidation purposes, additional financial information as at the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so. None of the members of the Group have an end of reporting period that is different from that of the parent company. If in the future a member of the Group has a different end of reporting period, such member will complete their financial information through the end of reporting period of the parent company to enable the parent company to compile consolidated financial statements.

Foreign currency translation

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

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

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

Effective April 1, 2018, the Group adopted IFRS interpretation IFRIC 22 "Foreign Currency Transactions and Advance Consideration" which clarifies reference dates of transactions for the purpose of determining the exchange rate to be used on initial recognition of related asset, expense or income when an entity has received or paid in advance consideration in a foreign currency. The adoption of this amendment does not have any effect on our consolidated interim financial statements.

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

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

- Profit and loss items are translated at the respective quarterly average rates or the exchange rate that approximates the actual exchange rate on date of specific transaction.
- Contingent liabilities are translated at the closing rates at the reporting date.
- All resulting exchange differences are recognized in "other comprehensive income".

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

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

Revenue recognition

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

Revenue from sale of products is recognized upon transfer of control of products to customers at the time of shipment to or receipt of goods by the customers. Service income is recognized as and when the underlying services are performed. The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time.

Any fees including upfront fees received in relation to contract manufacturing arrangements is recognized on straight line basis over the period over which the Group satisfies the underlying performance obligations.

Revenues are measured based on the transaction price, which is the consideration, net of tax collected from customers and remitted to government authorities such as sales tax, excise duty, value added tax and applicable discounts and allowances including charge-backs, expected sales return and bill backs The computation of these estimates involves significant judgment based on various factors including contractual terms, historical experience, estimated inventory levels and expected sell-through levels in supply chain.

Contract assets are recognized when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled revenue (only act of invoicing is pending) when there is unconditional right to receive cash as per contractual terms. Deferred revenue ("contract liability") is recognized when there are billings in excess of revenues.

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

Inventories

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

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

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

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

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

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

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

Property, plant and equipment and intangible assets

Property, plant and equipment

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

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

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

Intangible assets

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

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

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

Depreciation and amortization methods, estimated useful lives and residual value

Property, plant and equipment are stated at cost less accumulated depreciation and amortization. The Group depreciates property, plant and equipment over the estimated useful life using the straight-line method. Upon

retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited or charged to consolidated statement of profit and loss and other comprehensive income. Freehold land is not depreciated.

The estimated useful lives of assets are as follows:

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

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

The estimated useful lives of intangibles are as follows:

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

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

Derecognition

Property, plant and equipment and intangible assets are derecognized on disposal or when no future economic benefits are expected from their use and disposal. Losses arising from retirement and gains or losses arising from disposal of a tangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit or loss and other comprehensive income.

Business Combination

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

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

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

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

Income tax

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

Current tax

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

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

Employee benefits

Short-term employee benefits

All employee benefits falling due within 12 months of the end of the period in which the employees render the related services are classified as short-term employee benefits, which include benefits like salaries, wages, short-term compensated absences, performance incentives, etc. and are recognized as expenses in the period in which the employee renders the related service and measured accordingly.

Post-employment benefits

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

- Gratuity: The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. The liability in respect of Gratuity (applicable for Indian entities of the Group), is recognized in the books of accounts based on actuarial valuation by an independent actuary. The gratuity liability for certain employees of the Group is funded with Life Insurance Corporation of India.
- Provident fund: JGL makes contribution to a recognized provident fund, VAM Employees Provident Fund Trust, a multiemployer trust, for most of its employees in India, which is a defined benefit plan to the extent that the Group has an obligation to make good the shortfall, if any, between the return from the investments of such trust and the notified interest rate. The Group's obligation in this regard is determined by an independent actuary and provided for if the circumstances indicate that the Trust may not be able to generate adequate returns to cover the interest rates notified by the Indian Government. For other employees in India, provident fund is deposited with the Employee's Provident Fund Organization and such deposit is treated as defined contribution plan. The Group's contribution to the provident fund is charged to consolidated statement of profit or loss and other comprehensive income. The Group also makes contribution to various social security plans and insurance schemes as per local requirements as applicable and generally accepted practices in their respective country of incorporation. Such contributions are recorded under consolidated statement of profit or loss and other comprehensive income on accrual basis in the year in which liability to pay arise.

Other long-term employee benefits

- Compensated absences: As per the Group's policy, eligible leaves can be accumulated by the employees and carried forward to future periods to either be utilized during the service, or encashed. Encashment can be made during service, on early retirement, on withdrawal of scheme, at resignation and upon death of the employee. Accumulated compensated absences are treated as other long-term employee benefits.
- Termination benefits: Termination benefits are recognized as an expense when, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Actuarial valuation

The liability in respect of all defined benefit plans and other long-term employee benefits is accrued in the consolidated books of account on the basis of actuarial valuation carried out by an independent actuary using the

Projected Unit Credit Method. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on government securities as at the Reporting date, having maturity periods approximating to the terms of related obligations.

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

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

Measurement of fair values

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

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

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

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

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

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

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

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

Impairment of non-financial assets

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

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

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

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

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

Principal Components of Statements of Comprehensive Income

Business Segments

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

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

	Financial Year Ended March 31		Nine Months Ended December 31	
	2017	2018	2017	2018
	(US$ thousands)			
Segmental Results[1]				
Specialty Pharmaceuticals	85,957.4	110,670.0	82,792.5	108,285.8
Generics & APIs	30,526.2	(2,603.9)	4,416.7	29,678.3
Segment total	116,483.6	108,066.2	87,209.2	137,964.1
Un-allocated corporate expenses (net of un-allocated income)	(8,660.5)	(12,332.9)	(9,091.9)	(12,559.6)
Finance income	2,125.3	4,606.8	3,472.3	3,443.8
Finance costs	(36,740.4)	(27,488.5)	(20,198.8)	(18,596.6)
Profit before tax	73,207.9	72,851.5	61,390.7	110,251.7
Income tax expense	(22,947.9)	(23,734.7)	(17,788.1)	(33,251.0)
Profit for the year/ period	**50,260.0**	**49,116.9**	**43,602.7**	**77,000.7**

Note:

(1) Segmental results as shown in our consolidated financial statements are equivalent to earnings before interest and tax (EBIT) and un-allocated expenses.

Revenue from Operations (net)

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

	Financial Year Ended March 31		Nine Months Ended December 31	
	2017	2018	2017	2018
	(US$ thousands)			
Sale of products	348,734.2	511,042.1	354,419.7	473,940.0
Sale of services	104,267.2	100,768.8	67,304.6	81,788.1
Other operating revenue[(1)]	7,570.8	7,354.7	5,036.2	7,130.7
	460,572.1	619,165.6	426,760.4	562,858.8

Note:

(1) Includes government grant recognized of US$5.6 million, US$4.0 million, US$2.9 million and US$3.3 million in the financial years ended March 31, 2017 and 2018 and the nine months ended December 31, 2017 and 2018.

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

Cost of Materials Consumed

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

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

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

Employee Benefits Expense

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

	Financial Year Ended March 31		Nine Months Ended December 31	
	2017	2018	2017	2018
	(US$ thousands)			
Salaries, wages, bonus, gratuity and allowances	109,542.2	149,746.7	105,043.9	133,646.1
Contribution to provident fund, superannuation and other funds	9,986.4	11,550.1	8,032.8	9,388.1
Share-based payment expense	7.4	—	—	—
Staff welfare expenses	12,051.2	18,627.2	13,035.2	17,241.2
Total employee benefit expense	**131,587.1**	**179,923.9**	**126,111.9**	**160,275.3**

Depreciation, Amortization and Impairment

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

Other Expenses

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

	Financial Year Ended March 31		Nine Months Ended December 31	
	2017	2018	2017	2018
	(US$ thousands)			
Consumption of stores and spares and packing materials	16,041.3	19,280.8	14,255.2	13,816.1
Processing charges	659.4	1,459.5	1,189.0	1,186.8
Excise duty related to increase/(decrease) in inventory of finished goods	5.8	470.1	127.1	—
Repairs and maintenance				
Plant and machinery	5,505.9	6,235.8	4,571.6	5,808.1
Buildings	3,001.5	3,893.2	2,652.5	2,963.3
Others	1,750.1	2,818.6	2,146.0	2,030.8
Office expenses	1,202.9	1,475.0	1,154.8	1,119.2
Communication charges	1,169.5	2,495.5	1,667.3	2,556.3
Power and fuel	10,897.1	14,127.3	10,418.0	12,235.0
Rental expense	1,835.8	4,722.7	2,922.4	4,919.3
Rates and taxes	5,455.5	6,999.0	4,375.6	6,297.6
Legal and professional fees	14,216.2	20,308.7	15,283.0	22,202.5
Travel and conveyance	3,705.1	5,299.3	3,650.4	5,014.6
Vehicle running and maintenance	234.9	262.9	179.2	157.3
Advertisement, publicity and sales promotion	3,212.4	2,907.7	2,055.5	2,243.1
Insurance expense	1,625.0	1,906.9	1,329.9	1,749.2
Claims to customer and other selling expenses	7,192.5	5,259.7	2,173.6	2,461.4
Commission on sales	958.1	3,915.3	2,343.1	4,335.1
Loss on sale/disposal/discard of property, plant and equipment (net)	99.6	121.6	—	—
Foreign exchange loss, net	595.6	911.3	2,902.8	—
Allowance for doubtful receivables and advances (net)	205.4	346.3	84.3	1,586.0
Staff recruitment and training	1,831.1	1,794.9	1,394.0	1,665.6
Freight and forwarding	3,545.2	7,458.7	5,186.0	6,263.4
Bank charges	838.6	2,320.9	1,565.6	2,428.3
Miscellaneous expenses	2,358.5	3,876.2	2,277.2	3,508.7
Total other expenses	**88,142.9**	**120,667.9**	**85,903.9**	**106,547.5**

Finance Income

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

	Financial Year Ended March 31		Nine Months Ended December 31	
	2017	2018	2017	2018
	(US$ thousands)			
Finance income from:				
Loan to related parties	1,881.0	4,295.1	3,236.9	2,990.9
Others	244.3	311.7	235.4	453.0
Total finance income	**2,125.3**	**4,606.8**	**3,472.3**	**3,443.8**

Finance Cost

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

	Financial Year Ended March 31		Nine Months Ended December 31	
	2017	2018	2017	2018
	(US$ thousands)			
Interest expense	32,505.1	25,305.2	18,316.2	17,798.6
Other finance costs	4,134.9	2,183.4	1,882.6	798.0
Exchange differences to the extent considered as an adjustment to finance cost	100.4	—	—	—
Total finance costs	**36,740.4**	**27,488.5**	**20,198.8**	**18,596.6**

Income Tax Expenses

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

	Financial Year Ended March 31		Nine Months Ended December 31	
	2017	2018	2017	2018
	(US$ thousands)			
Income tax expense				
Current tax				
Current tax on profits for the year/ period	28,343.5	32,264.8	24,394.3	29,504.2
Adjustment for current income tax of previous years	547,0	213.0	(159.5)	(622.9)
Total current tax expense	**28,890.5**	**32,477.8**	**24,234.8**	**28,881.3**
MAT credit[(1)]				
MAT credit on profits for the year/ period	(7,336.9)	(1,764.0)	(3,097.6)	(4,590.2)
Adjustment in respect of MAT credit of previous years	(710.3)	(12.7)	—	—
Total MAT credit tax benefit	**(8,047.2)**	**(1,776.7)**	**(3,097.6)**	**(4,590.2)**
Deferred tax				
Origination and reversal of temporary differences	2,104.7	(5,647.1)	(3,372.8)	8,834.2
Adjustment in respect of deferred tax of previous years/ periods[(2)]	—	(1,319.4)	23.7	125.7
Total deferred tax (benefit)/expense	**2,104.7**	**(6,966.4)**	**(3,349.1)**	**8,959.9**
Income tax expense	**22,947.9**	**23,734.7**	**17,788.1**	**33,251.0**

Notes:

(1) In India, income tax is payable by a company as the higher of (a) for companies, whose turnover exceeds approximately US$38 million, income tax is payable at the statutory tax rate of 34.944% (inclusive of applicable surcharge and cess) on the taxable income computed after allowing various deductions, exemptions, tax incentives etc. and (b) Minimum Alternative Tax (MAT) payable on the book profits of the company at a rate of 21.5488% (inclusive of applicable surcharge and cess). In cases where tax payable under the regular provisions of the Indian Income Tax Act as per clause (a) is less than the tax payable on the book profits of the company (i.e. MAT) as per clause (b), then the company is liable to pay tax under clause (b) on a book profits basis i.e. MAT. However, the excess of MAT over tax payable under the regular provisions of the Indian Income Tax Act is eligible for "MAT credit" for set-off against tax liability in subsequent years to the extent tax liability under the regular provisions of the Indian Income Tax Act may exceed the tax liability under MAT in those subsequent years.

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

Exchange Differences on Translation of Foreign Operations

Exchange differences on translation of foreign operations represents gains or losses on the translation of financial statements of our foreign operations into U.S. dollars from their respective functional currencies for the purpose of consolidation in our Group's financial statements. We have three material subsidiaries/entities which have functional currencies that are not denominated in U.S. dollars, namely, JDI and Jubilant HollisterStier General

Partnership ("**JHS GP**"), which use CAD as their functional currency and JGL, which uses INR as its functional currency. The average exchange rates for CAD to US$1 were 1.3130, 1.2840 and 1.3061 during the financial years ended March 31, 2017 and 2018 and the nine months ended December 31, 2018, respectively, and the closing exchange rates for CAD to US$1 were 1.3350, 1.2870 and 1.3617 as at March 31, 2017, 2018 and December 31, 2018 respectively. The average exchange rates for INR to US$1 were 67.06, 64.55 and 69.29 during the financial years ended March 31, 2017 and 2018 and the nine months ended December 31, 2018, respectively and the closing exchange rates for INR to US$1 were 64.85, 65.17 and 69.78 as at March 31, 2017, 2018 and as at December 31, 2018 respectively.

Results of Operations

The following is a discussion of our results of operations.

Nine Months ended December 31, 2018 Compared with Nine Months ended December 31, 2017

Revenue from operations (net). Revenue from operations (net) increased by US$136.1 million, or 31.9%, to US$562.9 million in the nine months ended December 31, 2018 from US$426.8 million in the nine months ended December 31, 2017, primarily due to additional revenue from radiopharmaceutical products and services of the commercial radiopharmacy business in the United States acquired from Triad and, to a lesser extent, better market conditions in the United States for certain products in the Generics & APIs business segment.

Revenue from North America contributed 82.0% to total revenue from operations (net) in the nine months ended December 31, 2018 compared to 79.9% in the nine months ended December 31, 2017. Revenue from Europe contributed 8.9% while revenue from Asia and the rest of the world contributed 9.2% to total revenue from operations (net) in the nine months ended December 31, 2018, compared to 10.0% and 10.2%, respectively, in the nine months ended December 31, 2017.

Specialty Pharmaceuticals business segment. The Specialty Pharmaceuticals business segment accounted for 68.9% of our total revenue from operations (net) in the nine months ended December 31, 2018 compared to 64.7% in the nine months ended December 31, 2017. Revenues from this business segment increased by US$111.7 million, or 40.5%, to US$387.6 million for the nine months ended December 31, 2018 from US$275.9 million in the nine months ended December 31, 2017. The Specialty Pharmaceuticals business segment revenue increased primarily due to the following:

- a 51.7% increase in revenue from radiopharmaceuticals to US$267.9 million for the nine months ended December 31, 2018 from US$176.7 million for the nine months ended December 31, 2017, primarily due to additional revenue from our radiopharmacy business acquired from Triad; while
- revenue from our CMO and allergy therapy products business lines increased to US$81.6 million and US$38.1 million, respectively, in the nine months ended December 31, 2018 compared to US$66.8 million and US$32.4 million, respectively, in the nine months ended December 31, 2017, primarily due to better capacity utilization which resulted in higher production and sales from additional batches sold by our CMO business and higher venom sales in our allergy therapy products business.

Generics & APIs business segment. The Generics & APIs business segment accounted for 31.1% of our total revenue from operations (net) in the nine months ended December 31, 2018 compared to 35.3% in the nine months ended December 31, 2017. Revenues from this business segment increased by US$24.4 million, or 16.2%, to US$175.2 million in the nine months ended December 31, 2018 from US$150.8 million in the nine months ended December 31, 2017. The Generics & APIs business segment revenue increased primarily as a result of the following:

- a 23.4% increase in revenue from solid dosage formulations to US$109.6 million for the nine months ended December 31, 2018 from US$88.9 million for the nine months ended December 31, 2017, driven by improved market conditions which influence competitive intensity, including changes in supply and demand and higher volumes of valacyclovir; and
- revenue from our APIs business line increased to US$65.6 million in the nine months ended December 31, 2018 compared to US$62.0 million in the nine months ended December 31, 2017, driven by improved market conditions i.e. changes in supply and demand of certain products.

Total income. For the reasons discussed above, total income increased by US$142.2 million, or 33.3%, to US$569.4 million in the nine months ended December 31, 2018 from US$427.2 million in the nine months ended December 31, 2017.

Cost of materials consumed. Cost of materials consumed increased by US$41.2 million, or 37.3%, to US$151.5 million in the nine months ended December 31, 2018 from US$110.3 million in the nine months ended

December 31, 2017, primarily due to additional raw materials used in relation to our newly acquired radiopharmacy business along with an increase in pricing of certain raw materials due to recent tightening of environmental regulations in China, which had an impact on the chemical and pharmaceutical industries for APIs.

Changes in inventories of finished goods, stock-in-trade and work-in progress. Changes in inventories of finished goods, stock-in-trade and work-in progress increased by US$6.2 million, or 85.8%, to US$13.4 million in the nine months ended December 31, 2018 from US$7.2 million in the nine months ended December 31, 2017, primarily due to higher production output of our Spokane Facility for our CMO business line.

Employee benefits expense. Employee benefits expense increased by US$34.2 million, or 27.1%, to US$160.3 million in the nine months ended December 31, 2018 from US$126.1 million in the nine months ended December 31, 2017, primarily due to additional employee benefit costs related to our newly acquired radiopharmacy business and annual salary raises.

Depreciation, amortization and impairment. Depreciation, amortization and impairment increased by US$4.0 million, or 15.3%, to US$29.9 million in the nine months ended December 31, 2018 from US$25.9 million in the nine months ended December 31, 2017, primarily due to additional depreciation in relation to our newly acquired radiopharmacy business and amortization of our newly launched product Drax Exametazime™. Depreciation, amortization and impairment for our Specialty Pharmaceuticals business segment increased by US$3.2 million, or 26.6%, to US$15.4 million in the nine months ended December 31, 2018 from US$12.1 million in the nine months ended December 31, 2017. Depreciation, amortization and impairment for our Generics & APIs business segment increased by US$0.7 million, or 5.3%, to US$14.5 million in the nine months ended December 31, 2018 from US$13.8 million in the nine months ended December 31, 2017.

Other expenses. Other expenses increased by US$20.6 million, or 24.0%, to US$106.5 million in the nine months ended December 31, 2018 from US$85.9 million in the nine months ended December 31, 2017 due to increased expenses in relation to our newly acquired radiopharmacy business.

Result from operating activities. For the reasons discussed above, result from operating activities increased by 60.5% to US$125.4 million in the nine months ended December 31, 2018 from US$78.1 million for the nine months ended December 31, 2017. Result from operating activities for our Specialty Pharmaceuticals business segment (excluding un-allocated corporate expenses) increased by US$25.5 million, or 30.8%, to US$108.3 million in the nine months ended December 31, 2018 from US$82.8 million in the nine months ended December 31, 2017. Result from operating activities for our Generics & APIs business segment (excluding un-allocated corporate expenses) increased by US$25.3 million, or 572.0%, to US$29.7 million in the nine months ended December 31, 2018 from US$4.4 million in the nine months ended December 31, 2017.

Finance income. Finance income remained relatively constant in the nine months ended December 31, 2018 from the nine months ended December 31, 2017.

Finance costs. Finance costs decreased by US$1.6 million, or 7.9%, to US$18.6 million in the nine months ended December 31, 2018 from US$20.2 million in the nine months ended December 31, 2017.

Profit before tax. For the reasons discussed above, profit before tax increased by 79.6% to US$110.3 million in the nine months ended December 31, 2018 from US$61.4 million in the nine months ended December 31, 2017.

Income tax expense. Income tax expense increased by US$15.5 million, or 86.9%, to US$33.3 million in the nine months ended December 31, 2018 from US$17.8 million in the nine months ended December 31, 2017, primarily due to an increase in taxable income from our operations in the United States and Canada.

Profit for the period. For the reasons discussed above, profit for the period increased by US$33.4 million, or 76.6%, to US$77.0 million in the nine months ended December 31, 2018 from US$43.6 million in the nine months ended December 31, 2017.

Exchange differences on translation of foreign operations. Exchange differences on translation of foreign operations decreased by US$51.0 million, or 285.9%, to negative US$33.2 million in the nine months ended December 31, 2018 from US$17.8 million in the nine months ended December 31, 2017, primarily due to changes in the average and closing exchange rates between functional currencies of foreign operations and U.S. dollars for the period. See "*—Principal Components of Statements of Comprehensive Income—Exchange Differences on Translation of Foreign Operations*".

Total comprehensive income for the period. For the reasons discussed above, total comprehensive income for the period decreased by 28.5% to US$43.8 million in the nine months ended December 31, 2018 from US$61.3 million in the nine months ended December 31, 2017.

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

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

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

Specialty Pharmaceuticals business segment. The Specialty Pharmaceuticals business segment accounted for 66.1% of our total revenue from operations (net) in the financial year ended March 31, 2018 compared to 53.6% in the financial year ended March 31, 2017. Revenues from this business segment increased by US$162.8 million, or 66.0%, to US$409.5 million in the financial year ended March 31, 2018 from US$246.7 million in the financial year ended March 31, 2017. The Specialty Pharmaceuticals business segment revenue increased primarily due to the following:

- a 118.0%, or US$143.5 million, increase in revenue from radiopharmaceuticals business line to US$265.1 million in the financial year ended March 31, 2018 from US$121.6 million in the financial year ended March 31, 2017, primarily due to a contribution from seven months of revenue of US$118.9 million from the sales of radiopharmaceutical products and services of the commercial radiopharmacy business acquired from Triad and, to a lesser extent, due to higher sales of DRAXIMAGE® MAA, DRAXIMAGE® MDP-25 and DRAXIMAGE® DTPA, driven by the full year impact of certain customer contracts which became effective from January 1, 2017;
- a 13.7%, or US$12.2 million, increase in revenue from the CMO business line to US$100.9 million in the financial year ended March 31, 2018 from US$88.7 million in the financial year ended March 31, 2017, primarily driven by an increase in revenues from the Spokane Facility due to a higher sales volume to certain existing customers following the implementation of certain efficiency measures on capacity management; and
- a 19.9%, or US$7.2 million, increase in revenue from the allergy therapy products business line to US$43.6 million in the financial year ended March 31, 2018 from US$36.4 million in the financial year ended March 31, 2017, primarily due to an increase in prices, in line with market rates, effected during the financial year ended March 31, 2018.

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

- revenue from solid dosage formulations remained relatively constant, at US$123.5 million in the financial year ended March 31, 2018, compared to US$122.0 million in the financial year ended March 31, 2017 primarily as a result of an increase in revenue from within the United States, offset by lower sales from outside the United States; while
- a 6.3% decrease, or US$5.8 million in revenue from APIs to US$86.1 million in the financial year ended March 31, 2018, from US$91.9 million in the financial year ended March 31, 2017, largely as a result of a decrease in sales prices in some of our products such as Oxcarbazepine, Azithromycin, Valsartan and Carbamazepine due to market dynamics, including changes in competitive intensity due to actions taken by us and other market participants such as our competitors and our respective customers, which was partially offset by higher sales volume of certain products.

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

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

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

Employee benefits expense. Employee benefits expense increased by US$48.3 million, or 36.7%, to US$179.9 million in the financial year ended March 31, 2018 from US$131.6 million in the financial year ended March 31, 2017, primarily due to a 36.7% increase in payments of salaries, wages, bonus, gratuity and allowances to our employees to US$149.7 from US$109.5 million and a 54.6% increase in payments of staff welfare expenses to our employees to US$18.6 from US$12.1 million, primarily as a result of the additional employee headcount for our acquisition of our radiopharmacy business from Triad and expansion in hiring to accommodate higher production output driven by our higher sales volume, along with annual salary increases.

Depreciation, amortization and impairment. Depreciation, amortization and impairment increased by US$24.6 million, or 79.2%, to US$55.7 million in the financial year ended March 31, 2018 from US$31.1 million in the financial year ended March 31, 2017, primarily attributable to product development expenses due to rationalization of our product portfolio to reflect the prevailing market conditions, in particular in the United States, and additional depreciation in relation to our newly acquired radiopharmacy business. Depreciation, amortization and impairment for our Specialty Pharmaceuticals business segment increased by US$12.6 million, or 85.8%, to US$27.2 million in the financial year ended March 31, 2018 from US$14.6 million in the financial year ended March 31, 2017. Depreciation, amortization and impairment for our Generics & APIs business segment increased by US$12.1 million, or 73.6%, to US$28.5 million in the financial year ended March 31, 2018 from US$16.4 million in the financial year ended March 31, 2017 primarily due to a one-time charge in our profit and loss statement on account of internally generated product registrations/market authorizations and other intangibles, including intangibles under development, to reflect current global market conditions, specifically in the United States.

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

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

Finance income. Finance income increased by US$2.5 million, or 116.8%, to US$4.6 million in the financial year ended March 31, 2018 from US$2.1 million in the financial year ended March 31, 2017, primarily due to an increase in interest income from a loan given by JGL to JLL to US$4.3 million in the financial year ended March 31, 2018 from US$1.9 million in the financial year ended March 31, 2017. Such loan was given by JGL to JLL in furtherance of part of our intended use of proceeds from our issuance of the Existing Senior Notes in October 2016.

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

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

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

Profit for the year. For the reasons discussed above, profit for the year decreased by US$1.2 million, or 2.3%, to US$49.1 million in the financial year ended March 31, 2018 from US$50.3 million in the financial year ended March 31, 2017. In addition, net profit margin (being profit for the year divided by revenues from operations) decreased from 10.9% for the financial year ended March 31, 2017 to 7.9% for the financial year ended March 31, 2018 primarily due to (a) the acquisition in September 2017 of substantially all of the assets which comprised Triad's radiopharmacy business which had negative margins despite being a significant contributor to revenue from operations and (b) the one-time charge of product development expenses due to rationalization of product portfolio to reflect the current market conditions prevailing in the global generics markets and the United States in particular. We continuously evaluate our portfolio of products under development and decided to cease further development of certain products due to commercial and technical reasons. We reviewed the carrying value of internally generated product registration/market authorization and other intangibles (including intangible assets under development) and based on prevailing market conditions as well as technical and financial assessments, make charge offs which are included under deductions to gross carrying amount of intangible assets under development and under depreciation, amortization and impairment in our consolidated statement of profit or loss.

Exchange differences on translation of foreign operations. Exchange differences on translation of foreign operations increased by US$4.2 million, or 153.5%, to US$6.9 million in the financial year ended March 31, 2018 from US$2.7 million in the financial year ended March 31, 2017, primarily due to changes in the average and closing exchange rates between functional currencies of foreign operations and U.S. dollars for the period. See "*—Principal Components of Statements of Comprehensive Income—Exchange Differences on Translation of Foreign Operations*".

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

Liquidity and Capital Resources

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

Our primary sources of funding are cash from operating activities, bank loans, debt issuances, as well as issuances of equity and equity-linked instruments. Our total outstanding indebtedness (comprising loans and borrowings, net of un-amortized transaction costs) amounted to US$445.1 million, US$408.5 million and US$410.3 million as at March 31, 2017 and 2018 and December 31, 2018, respectively.

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

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

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

Cash Flows

The following table sets forth our consolidated cash flow statement.

	Financial Year Ended March 31		Nine Months Ended December 31	
	2017	2018	2017	2018
	(US$ thousands)			
Operating cash flow before working capital changes	139,595.1	151,465.3	104,081.9	152,304.9
Cash generated from operations	147,621.7	143,660.1	110,012.3	129,849.1
Net cash generated from operating activities	128,559.1	115,762.9	83,057.8	98,817.5
Net cash used in investing activities	(88,252.5)	(67,016.2)	(52,725.5)	(34,132.7)
Net cash used in financing activities	(17,970.7)	(69,902.0)	(51,039.8)	(30,551.9)
Cash and cash equivalents at the end of the year/period	48,409.1	27,086.5	28,729.4	59,609.6

Net cash generated from operating activities

Net cash generated from operating activities increased by US$15.8 million, or 19.0%, to US$98.8 million in the nine months ended December 31, 2018 from US$83.1 million in the nine months ended December 31, 2017. This increase was primarily attributable to:

(i) an increase in operating cash flow before working capital adjustment to US$152.3 million in the nine months ended December 31, 2018 from US$104.1 million in the nine months ended December 31, 2017, and

(ii) a lower increase in other assets including other financial assets of US$1.4 million in the nine months ended December 31, 2018 compared to US$20.2 million in the nine months ended December 31, 2017.

This increase was partially offset by:

(i) a lower decrease in trade accounts receivable of US$2.4 million in the nine months ended December 31, 2018 from US$30.2 million in the nine months ended December 31, 2017,

(ii) a higher increase in inventory to US$22.0 million in the nine months ended December 31, 2018 from US$2.1 million in the nine months ended December 31, 2017, and

(iii) an increase in income taxes paid (net of refund) of US$31.0 million in the nine months ended December 31, 2018 compared to US$27.0 million in the nine months ended December 31, 2017.

Net cash generated from operating activities decreased by US$12.8 million, or 10.0%, to US$115.8 million in the financial year ended March 31, 2018 from US$128.6 million in the financial year ended March 31, 2017. This decrease was primarily attributable to:

(i) a change to an increase in other assets including other financial assets, being unbilled accrued revenue as a result of our acquisition of Triad's assets, of US$13.6 million in the financial year ended March 31, 2018 compared to a decrease in other assets including other financial assets of US$7.3 million in the financial year ended March 31, 2017,

(ii) a change to a decrease in trade payables of US$8.8 million in the financial year ended March 31, 2018 compared to an increase in trade payables of US$2.1 million in the financial year ended March 31, 2017, and

(iii) a higher income taxes paid in the amount of US$27.9 million in the financial year ended March 31, 2018, compared to income taxes of US$19.1 million paid in the financial year ended March 31, 2017.

This decrease was partially offset by:

(i) a higher adjustments for depreciation, amortization and impairment in the amount of US$55.7 million applied in the financial year ended March 31, 2018, compared to the same in the amount of US$31.1 million applied in the financial year ended March 31, 2017,

(ii) a change to a decrease in trade accounts receivable of US$6.8 million in the financial year ended March 31, 2018 compared to an increase of the same in the amount of US$1.8 million in the financial year ended March 31, 2017, and

(iii) a change to a decrease in inventories of US$1.3 million in the financial year ended March 31, 2018 compared to an increase of the same in the amount of US$7.0 million in the financial year ended March 31, 2017.

Profit before tax remained relatively constant in the amount of US$72.9 million in the financial year ended March 31, 2018 compared to the same in the amount of US$73.2 million in the financial year ended March 31, 2017. Increase in other liabilities including other financial liabilities also remained relatively constant in the amount of US$6.5 million in the financial year ended March 31, 2018 compared to the same in the amount of US$7.4 million in the financial year ended March 31, 2017.

Net cash used in investing activities

Net cash used in investing activities decreased by US$18.6 million, or 35.3%, to US$34.1 million in the nine months ended December 31, 2018 from US$52.7 million in the nine months ended December 31, 2017. The decrease in net cash used in investing activities primarily relates to our acquisition of Triad's assets.

Net cash used in investing activities decreased by US$21.3 million, or 24.1%, to US$67.0 million in the financial year ended March 31, 2018 from US$88.3 million in the financial year ended March 31, 2017. This decrease was primarily attributable to a loan given by JGL to JLL of US$48.4 million in the financial year ended March 31, 2017, compared to the absence of such loan being made in the financial year ended March 31, 2018. Such loan was considered a deployment of surplus funds, and therefore considered as net cash used in investing activities. This decrease was partially offset by acquisition of business in the amount of US$20.1 million in the financial year ended March 31, 2018 in relation to the acquisition of our radiopharmacy business from Triad and higher acquisition of property plant and equipment and other intangible assets in the amount of US$52.1 million in the financial year ended March 31, 2018, compared to the same in the amount of US$44.6 million in the financial year ended March 31, 2017.

Net cash used in financing activities

Net cash used in financing activities decreased by US$20.5 million, or 40.1%, to US$30.6 million in the nine months ended December 31, 2018 from US$51.0 million in the nine months ended December 31, 2017. This decrease was primarily attributable to a decrease in repayment of long term loans and borrowings to US$3.3 million in the nine months ended December 31, 2018 compared to US$34.6 million of loan repayments in the nine months ended December 31, 2017, partially offset by a repayment of short term loans repayable on demand, net, of US$2.6 million in the nine months ended December 31, 2018, compared to proceeds received from short term loans repayable on demand, net, of US$2.5 million in the nine months ended December 31, 2017 and dividend paid of US$8.2 million in the nine months ended December 31, 2018 compared to US$ nil in the nine months ended December 31, 2017.

Net cash used in financing activities increased by US$51.9 million, or 289.0%, to US$69.9 million in the financial year ended March 31, 2018, from US$18.0 million in the financial year ended March 31, 2017. This increase was primarily attributable to a repayment of long-term borrowings and loans in the amount of US$51.4 million and absence of proceeds from long-term loans and borrowings in the financial year ended March 31, 2018, partially offset by lower finance costs paid in the amount of US$17.0 million in the financial year ended March 31, 2018, compared to finance cost of US$33.0 million paid in the financial year ended March 31, 2017. In the financial year ended March 31, 2017, we received proceeds from the issuance of Existing Senior Notes in the amount of US$205.6 million, which was partially offset by repayments of long-term loans and borrowings of US$157.6 million with the proceeds therefrom, as well as repayments of short-term loans repayable on demand, net, in the amount of US$33.0 million.

Indebtedness

Our total outstanding indebtedness (comprising loans and borrowings, net of un-amortized transaction costs) was US$445.1 million as at March 31, 2017, US$408.5 million as at March 31, 2018 and US$410.3 million as at December 31, 2018.

Our long-term borrowings include certain financial covenants. We must service this debt and comply with our covenants to avoid refinancing risk. See "*Risk Factors—Risks Relating to Our Business—We have incurred significant indebtedness, and we must service this debt and comply with our covenants to avoid refinancing risk*".

In addition, a number of our long-term and short-term borrowings are secured by assets and property of the individual borrowers, including land, buildings and movable fixed assets, as well as receivables and inventory.

For further details relating to our outstanding indebtedness, see "*Description of Material Indebtedness*".

Capital Expenditures

The following table sets forth the Group's capital expenditure during the years ended March 31, 2017 and 2018 and for the nine months ended December 31, 2018.

	Financial Year Ended March 31		Nine months ended December 31
	2017	2018	2018
	(US$ thousands)		
Property, plants and equipment and others	50,805.6	51,071.3	40,886.2
Total	**50,805.6**	**51,071.3**	**40,886.2**

Our historical capital expenditures were primarily related to normal capital expenditure to run and maintain our operations and debottlenecking of capacities, including:

(i) product development, addition of a third stream to one of our existing plants at our Nanjangud Facility and Systems, Applications & Products (SAP) implementation at JGL in the financial year ended March 31, 2017;

(ii) product development, Roorkee Facility capacity expansion, plant upgrades at our existing API facilities, de-bottlenecking and Environment Management System (EMS) augmentation, serialization at our Salisbury Facility, Roorkee Facility, CMO Montreal Facility and Spokane Facility as well as fleet replacement for our radiopharmacies in the financial year ended March 31, 2018; and

(iii) product development, Roorkee Facility capacity expansion, fleet replacement for our radiopharmacies and RUBY-FILL® scale-up for the nine months ended December 31, 2018.

Such capital expenditures were funded primarily by cash generated from operations, proceeds from the issuance of the Existing Senior Notes and other bank borrowings.

We expect future capital expenditure will primarily relate to capacity expansion, research and development on product portfolio and acquisition of complementary businesses to strengthen existing product portfolio and manufacturing footprint. See *"Business—Business Strategies"*. We expect to fund such future capital expenditures primarily by cash generated from operating activities and bank borrowings. We may re-allocate funds to be utilized on capital expenditure based on our ongoing business needs.

We cannot assure you that our capital expenditure budget will not vary or can be financed on commercially acceptable terms, or at all. Our ability to obtain adequate financing, including new facilities, to satisfy our capital expenditures, contractual obligations and debt service requirements may be limited by our financial condition and results of operation and liquidity of domestic and international financial markets. See "*Risk Factors—Risks Relating to Our Business—We have incurred significant indebtedness, and we must service this debt and comply with our covenants to avoid refinancing risk*".

Contractual Obligations and Contingent Liabilities

Contractual Obligations

The following table sets forth the Company's financial contractual obligations as at December 31, 2018. The Company's other liabilities, including trade payables and other financial liabilities, are due in less than 12 months as at December 31, 2018.

	Payment Due by Period			
	Less than 1 Year	1-5 Years	More than 5 Years	Total
	(US$ thousands)			
Loans and borrowings[(1)]	9,987.3	403,041.3	—	413,028.6
Trade payables	65,478.3	—	—	65,478.3
Other financial liabilities	11,926.3	—	—	11,926.3
Employee benefits	16,088.4	3,554.0	—	19,642.4
Total	**103,480.3**	**406,595.3**	**—**	**510,075.6**

Note:

(1) Contractual cash flows exclude interest payable.

Capital Commitments

As at March 31, 2017 and 2018 and December 31, 2018 the Group had committed to spend US$18.1 million, US$15.0 million and US$14.3 million, respectively, under agreements to purchase property, plant and equipment and other intangible assets.

Other commitments

The Group has certain operating lease arrangements, which are non-cancellable for a period up to five years. Such leases contain varying terms, escalation clauses and renewal rights. As at March 31, 2017 and 2018 and December 31, 2018 the Group was subject to minimum lease payments in the amounts of US$3.2 million, US$11.7 million and US$10.7 million, respectively.

Contingent Liabilities

The Group may become subject to various product liabilities, consumer, commercial, environmental and tax litigations and claims, government investigations and other legal proceedings that may arise in future.

The Group accrues for contingencies to the extent that the management concludes their occurrence is probable and the related liabilities are estimable.

The aggregate amount of claims not acknowledged as debt as at March 31, 2017 and 2018 and as at December 31, 2018 was US$0.8 million, US$27.3 million and US$13.2 million, respectively. Such claims not acknowledged as debt pertain to claims against the Group, disputed by the Group and not acknowledged as debt, comprising central excise, customs, service tax, income tax and others. The claim amount increased for the financial year ended March 31, 2018 due to an income tax claim pertaining to a U.S. tax filing arising as a result of a delay in recording use of carry forward tax losses in May 2018. For the claims being disputed, there are no legal or constructive present obligations to make provisions, and we believe it is not probable that future outflow of resources will be required to settle these claims.

Outstanding guarantees furnished by banks on behalf of the Group as at March 31, 2017 and 2018 and as at December 31, 2018 were US$8.3 thousand, US$127.1 thousand and US$127.0 thousand, respectively.

Further to our launch of RUBY-FILL®, Bracco filed two legal challenges against us and the Jubilant Defendants in the New Jersey District Court and with the USITC. These challenges, if not adjudicated in our favor, may result in monetary damages or the exclusion of certain systems and components from importation as well as suspension and/or cessation of our manufacture and sale of RUBY-FILL® in the United States. If we suspend or cease the manufacture and sale of RUBY-FILL®, we could lose any potential growth that RUBY-FILL® is expected to bring to our business. For more details, see "*Risk Factors—Risks Relating to our Business—If we are unable to defend ourselves in challenges related to intellectual property rights, we could be subject to injunctions preventing us from selling our products, resulting in a decrease in revenues, or we could be subject to substantial liabilities that would lower our profits and adversely affect our financial condition*".

Capitalization and Indebtedness

For details of the Company's capitalization and indebtedness, see "*Capitalization and Indebtedness*".

Qualitative and Quantitative Disclosures about Market Risk

The Group's activities are exposed to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's board of directors is tasked with the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's overall risk management framework seeks to minimize potential adverse effects on the financial performance of the Group and is deliberated and reviewed at appropriate forums.

Foreign Currency Exchange Rate Risk

We manufacture and sell products to customers around the world in multiple foreign currencies and face translation and transaction risks related to the fluctuation of foreign currency exchange rates in the markets where we are active. A significant portion of our costs are denominated in currencies other than the U.S. dollar, due to our international operations. These costs are affected by prevailing rates of exchange.

Our assets and liabilities and our results of operations are subject to translation risk and transaction risk. Translation risk is the risk that our results of operations for a particular period or our assets and liabilities at a particular date are affected by changes in the applicable currency exchange rates. Transaction risk arises when the currency structure of our costs and liabilities deviates from the currency structure of our sales proceeds and assets.

The functional currencies of the Group's operations are primarily the Indian rupee, U.S. dollar, Canadian dollar and Euro. Due to our Indian and Canadian operations, any significant movement in the value of the Indian rupee or the Canadian dollar against the U.S. dollar could have a material effect on our business, financial condition, results of operations and prospects. As at March 31, 2018 and as at December 31, 2018, if the U.S. dollar had weakened/strengthened by 1.0% against all other currencies with all other variables held constant, profit or loss (before tax) for the period would have been US$0.7 million and US$1.2 million, respectively, lower/higher. See Note 28 of our consolidated financial statements as at and for the financial years ended March 31, 2017 and 2018 and Note 26 of our consolidated financial statements for the nine months ended December 31, 2017 and 2018, for further sensitivity analysis involving other foreign currencies.

We have in the past utilized certain hedging instruments, including forward contracts with respect to our exports and imports from and into India. However, due to market uncertainties, currently the Company has decided not to enter into any forward contracts for the time being. Currently, we have not hedged our foreign currency exposure, and accordingly, we are exposed to the impact of fluctuations in foreign currency exchange rates.

We may enter, from time to time in the future, into such hedging instruments for the purpose of managing the risks on our receivables/payables, managing our assets or liabilities or in connection with a line of business. We do not enter into such hedging instruments for any purpose not permitted by any applicable law.

Interest Rate Risk

Changes in interest rates affect our interest expenses on floating rate debt instruments, loans and our interest income from cash and cash equivalents. We have in the past entered into floating to fixed interest rate swap agreements. However, due to market uncertainties, currently the Company has decided not to enter into any fixed interest rate swap agreement for the time being. As at March 31, 2018 and December 31, 2018, only 3.0% and 2.1% of our total indebtedness bore interest at floating rates, respectively.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, investments and other financial assets. The carrying amount of financial assets in the Company's consolidated statements of financial position represents maximum credit risk exposure.

To manage credit risk from trade receivables and other financial assets, the Company established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, to the extent available, financial statements, credit agency information, industry information, and business intelligence. Sale limits are established for each customer and reviewed annually.

Based on internal assessment and historical experience in relation to defaults and delays in collection, management believes that the Group's credit risk in relation to trade receivables is low. Management also believes that all of the Group's financial assets with contractual cash flows other than trade receivable to be high quality assets with negligible credit risk. Management is of the view that the parties from which these financial assets are recoverable, possess strong financial capacity to meet the obligations and the risk of default is negligible. Accordingly, no provision for excepted credit loss has been provided for on such financial assets.

Liquidity Risk

Liquidity risk arises in situations where the Group may encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group's treasury department is responsible for managing the Group's short-term and long-term liquidity requirements. See "*—Contractual Obligations and Contingent Liabilities—Contractual Obligations*" for information on the Company's financial liabilities as at December 31, 2018, classified into relevant maturities based on the remaining period to the contractual maturity date.

Taxation

The Company's effective tax rates were 31.3%, 32.6% and 30.2%, respectively, in the financial years ended March 31, 2017, 2018 and the nine months ended December 31, 2018. These amounts are more than the 17% statutory corporate tax rate applicable in Singapore as substantially all of our income is generated in countries with higher tax rates than Singapore.

Recently Issued Accounting Pronouncements

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

IFRS 16, Leases

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

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

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

The Group has not yet completed its assessment of the potential impact on its consolidated interim financial statements. The actual impact of applying IFRS 16 on the consolidated interim financial statements in the period of initial application will depend on future economic conditions, including the Group's borrowing rate at April 1, 2019, the composition of the Group's lease portfolio at that date, the Group's latest assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use practical expedients and recognition exemptions.

So far, the most significant impact identified is that the Group will recognize new assets and liabilities for its operating leases of warehouse and factory facilities. As at December 31, 2018, the Group's future minimum lease payments under non-cancellable operating leases amounted to US$10.7 million, on an undiscounted basis (refer note 32(ii) of the consolidated interim financial statements), represent 1.11% of the consolidated total assets and 1.98% of the consolidated total liabilities. Under the new standard, remaining lease payments of the operating leases will be recognized at their present value discounted using appropriate discount rates.

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

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

Determining whether an Arrangement Contains a Lease

On transition to IFRS 16, the Group can choose whether to apply the IFRS 16's definition of a lease to all its contracts or apply a practical expedient measure and not reassess whether a contract is, or contains, a lease. The Group plans to apply a practical expedient measure to grandfather the definition of a lease on transition. As such, the Group will apply IFRS 16 to all contracts entered into before April 1, 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

Transition

As a lessee, the Group can either apply the standard using a retrospective approach or modified retrospective approach with optional practical expedient measures. The lessee applies the election consistently to all of its leases.

The Group plans to apply IFRS 16 initially on April 1, 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings at April 1, 2019, with no restatement of comparative information. When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Group is assessing the potential impact of using these practical expedients.

IAS 19, Employee Benefits

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

- If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.

- In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding asset ceiling.

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

IFRS 3, Business Combinations

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

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

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

IFRIC 23, Uncertainty over Income Tax treatments

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

The interpretation provides specific guidance in several areas where previously IAS 12 was silent. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019, though early adoption is permitted. The Group is currently in the process of evaluating the impact of this change on its consolidated interim financial statements.

Non-IFRS Financial Measures

We use Adjusted EBITDA to provide additional information about our operating performance. We define Adjusted EBITDA as profit before tax expense, finance cost, net and depreciation, amortization and impairment. Adjusted EBITDA and Adjusted EBITDA Margin are not standard measures, nor measures of financial performance or liquidity, under IFRS, and should not be considered alternatives to result from operating activities, profit before tax, profit for the year/ period or any other performance measure derived in accordance with IFRS or as an alternative to cash flow from operating activities. Adjusted EBITDA and Adjusted EBITDA Margin are supplemental measures of the Group's performance that are not required by, or presented in accordance with, IFRS.

As a measure of operating performance, we believe that the most directly comparable measure to Adjusted EBITDA is profit for the year/ period. We use Adjusted EBITDA in addition to profit for the year/ period because profit for the year/ period includes many accounting items associated with capital expenditures, such as depreciation, as well as certain other non-operating transactions, such as finance income and finance costs and income tax expenses. These accounting items may vary between companies depending on the method of accounting adopted by each company. By minimizing differences in capital expenditures and the associated depreciation expenses as well as reported tax positions, goodwill amortization and finance income and costs, Adjusted EBITDA provides further information about our operating performance and an additional measure for

comparing our operating performance with other companies' results. Funds depicted by Adjusted EBITDA may not be available for debt service due to covenant restrictions, capital expenditure requirements and other commitments. Our calculation of Adjusted EBITDA may be different from other companies and hence may not be entirely comparable and may limit its usefulness as a comparative measure.

Consolidated Adjusted EBITDA

The following table reconciles our profit for the year/ period under IFRS to our definition of Adjusted EBITDA and Adjusted EBITDA Margin for the periods indicated:

	Financial Year Ended March 31		Nine Months Ended December 31	
	2017	2018	2017	2018
	(US$ thousands)			
Profit for the year/ period	50,260.0	49,116.9	43,602.7	77,000.7
Add:				
Finance costs (net)[1]	34,615.1	22,881.7	16,726.5	15,152.8
Income tax expense	22,947.9	23,734.7	17,788.1	33,251.0
Depreciation, amortization and impairment	31,089.1	55,719.5	25,947.6	29,921.1
Adjusted EBITDA	138,912.1	151,452.8	104,064.9	155,325.6
Revenue from operations (net)	460,572.1	619,165.6	426,760.4	562,858.8
Adjusted EBITDA Margin[2]	30.2%	24.5%	24.4%	27.6%

Notes:

(1) Finance costs net of finance income.

(2) Adjusted EBITDA Margin is defined as Adjusted EBITDA for the period divided by total revenues for that period.

Segmental Adjusted EBITDA

The Company reconciles segment results from operating activities to Segmental Adjusted EBITDA by adding depreciation, amortization and impairment. Segmental results from operating activities do not include un-allocated corporate expenses.

The following table reconciles our results from operating activities for the year/ period for our Specialty Pharmaceuticals business segment under IFRS to our definition of Segmental Adjusted EBITDA and Segmental Adjusted EBITDA Margin for the periods indicated:

	Financial Year Ended March 31		Nine Months Ended December 31	
	2017	2018	2017	2018
	(US$ thousands)			
Segmental Results[1]	85,957.4	110,670.0	82,792.5	108,285.8
Add:				
Depreciation, amortization and impairment	14,635.4	27,198.0	12,140.1	15,372.6
Segmental Adjusted EBITDA	100,592.8	137,868.0	94,932.6	123,658.4
Revenue from operations (net)	246,694.0	409,522.9	275,932.3	387,641.6
Segmental Adjusted EBITDA Margin[2]	40.8%	33.7%	34.4%	31.9%

Notes:

(1) Segmental results as shown in our consolidated financial statements are equivalent to earnings before interest and tax (EBIT) and un-allocated expenses.

(2) Segmental Adjusted EBITDA Margin is defined as Segmental Adjusted EBITDA for the period divided by total revenues for that period.

The following table reconciles our results from operating activities for the year/ period for our Generics & APIs business segment under IFRS to our definition of Segmental Adjusted EBITDA and Segmental Adjusted EBITDA Margin for the periods indicated:

	Financial Year Ended March 31		Nine Months Ended December 31	
	2017	2018	2017	2018
	(US$ thousands)			
Segmental Results[1]	30,526.2	(2,603.9)	4,416.7	29,678.3
Add:				
Depreciation, amortization and impairment	16,394.0	28,458.4	13,760.2	14,484.5
Segmental Adjusted EBITDA	46,920.2	25,854.5	18,176.9	44,162.9
Revenue from operations (net)	213,878.2	209,642.7	150,828.2	175,217.2
Segmental Adjusted EBITDA Margin[2]	21.9%	12.3%	12.1%	25.2%

Notes:

(1) Segmental results as shown in our consolidated financial statements are equivalent to earnings before interest and tax (EBIT) and un-allocated expenses.

(2) Segmental Adjusted EBITDA Margin is defined as Segmental Adjusted EBITDA for the period divided by total revenues for that period.

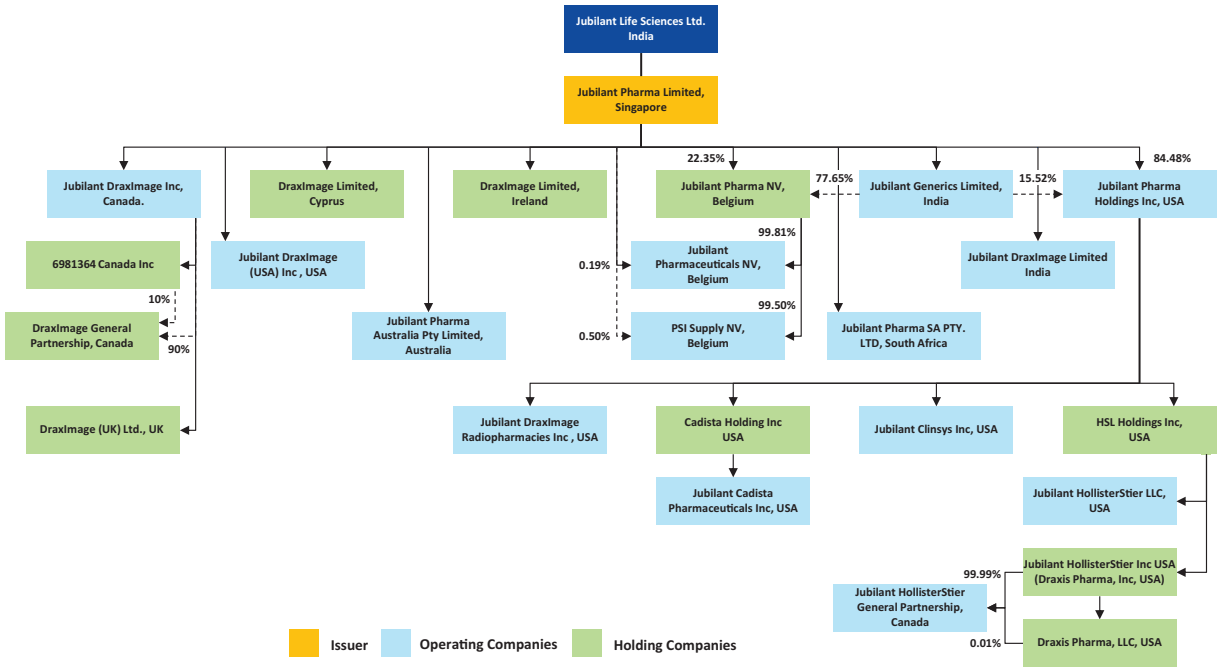
Adjusted EBITDA increased to US$155.3 million in the nine months ended December 31, 2018, compared to US$104.1 million in the nine months ended December 31, 2017 and Adjusted EBITDA margin was 27.6% in the nine months ended December 31, 2018, compared to 24.4% in the nine months ended December 31, 2017. Adjusted EBITDA increased in the nine months ended December 31, 2018 primarily due to an increase in the CMO business line of our Specialty Pharmaceuticals business segment, along with impact of favorable price movement, lower discards and failure to supply penalties in the U.S. market in our generics business line, partially offset by a loss from our newly acquired radiopharmacy business. Adjusted EBITDA margin increased in the nine months ended December 31, 2018 as compared to the nine months ended December 31, 2017 primarily due to the acquisition in September 2017 of substantially all of the assets which comprised Triad's radiopharmacy business which had negative margins despite being a significant contributor to revenue from operations.

Adjusted EBITDA increased to US$151.5 million in the financial year ended March 31, 2018, compared to US$138.9 million in the financial year ended March 31, 2017 and Adjusted EBITDA margin was 24.5% in the financial year ended March 31, 2018, compared to 30.2% in the financial year ended March 31, 2017. Adjusted EBITDA increased in the financial year ended March 31, 2018 primarily due to better volumes and favorable prices in our Specialty Pharmaceuticals business segment, partially offset by lower volumes, downward pressure on pricing and higher discards as well as failure to supply penalties in our generics business line in the U.S. market and impact of loss (including due to acquisition related costs) from our newly acquired radiopharmacy business. Adjusted EBITDA margin decreased in the financial year ended March 31, 2018 as compared to the financial year ended March 31, 2017 primarily due to the acquisition in September 2017 of substantially all of the assets which comprised Triad's radiopharmacy business which had negative margins despite being a significant contributor to revenue from operations.

You should not consider Adjusted EBITDA or Adjusted EBITDA Margin in isolation or construe it as an alternative to profit for the year/ period, or as an indicator of operating performance or any other standard measure under IFRS. Adjusted EBITDA and Adjusted EBITDA Margin measures used in this Offering Memorandum may not be comparable to similarly titled measures used by other companies.

Corporate Structure

The Company is a wholly-owned subsidiary of Jubilant Life Sciences Limited, a global integrated pharmaceutical and life sciences group, with subsidiaries across the globe. The Parent is listed on the BSE Limited and the National Stock Exchange of India Limited in India. The following chart shows our Group's corporate structure.



Note:

All are 100% subsidiaries unless otherwise specified above

* Under the circumstances described under "*Description of the Notes—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries*," the Company will be permitted to designate certain of its future Subsidiaries as Unrestricted Subsidiaries. The Company's Unrestricted Subsidiaries will not be subject to the restrictive covenants in the Indenture. On the Issue Date, none of the Company's Subsidiaries will be Unrestricted Subsidiaries.

The Company is a global integrated pharmaceutical group, with subsidiaries in, among other jurisdictions, the United States, Canada, Europe and India.

In addition to our subsidiaries, there are two partnerships within the Group. JHS GP, incorporated in Canada on May 26, 2008, is a partnership entity and its current managing partner is Jubilant HollisterStier Inc. (99.998%) and the other partner is Draxis Pharma LLC (0.002%). Draximage General Partnership which was incorporated in Canada on May 26, 2008 is a partnership between Jubilant DraxImage Inc. (90.00%) and 6981364 Canada Inc. (10.00%). Both of these partnerships are engaged in the pharmaceutical business.

History

The Company was incorporated on May 19, 2005 as "Jubilant Pharma Pte. Ltd." under the laws of Singapore, as a private company limited by shares. It was incorporated as a wholly-owned subsidiary of Jubilant Life Sciences Limited (previously known as Jubilant Organosys Limited), a company which is incorporated in India and has its equity shares listed on the BSE Limited and the National Stock Exchange of India Limited in India.

On July 2, 2013, the Company converted into a public company and changed its name to its present name, Jubilant Pharma Limited. The Company continues to be a wholly-owned subsidiary of the Parent.

The Parent is primarily engaged directly or indirectly through its subsidiaries in three business segments: the Indian pharmaceuticals business, the life sciences ingredients business and the drug discovery solutions business. While the life sciences ingredients business, the drug discovery solutions business and the Indian pharmaceutical business are held through the Parent and its other subsidiaries, the pharmaceuticals business (other than the Indian pharmaceuticals business), which commenced business in FY2003, was consolidated under the Company through a group restructuring completed in FY2015. This restructuring was funded by a mix of debt and convertible instruments, including the IFC C Loan and IFC A Loan.

As a Group, we are a global integrated pharmaceutical company offering a wide range of products and services to our customers across geographies. We organize our business into two segments, namely, Specialty Pharmaceuticals, comprising radiopharmaceuticals (including radiopharmacies), CMO and allergy therapy products, and Generics & APIs, comprising solid dosage formulations and APIs. As at December 31, 2018, we supplied our products and services to customers in over 80 countries.

The pharmaceuticals business has been built by Mr. Shyam S. Bhartia, Mr. Hari S. Bhartia and the Parent from FY2003 through a series of organic and inorganic initiatives. It started with the acquisition of our Nanjangud Facility by JLL that was completed in FY2003 and was followed by multiple acquisitions in the United States, Canada and Europe, including the latest acquisition of the radiopharmacy business of Triad in FY2018. Investments in organic initiatives included building the Roorkee Facility, a greenfield dosage facility in Roorkee, Uttarakhand, India, commissioned in FY2008, and substantially increasing capacities at all manufacturing sites to cater to the increased demand, as well as the creation of an R&D center for solid dosage formulations in FY2005.

The Company's APIs business is primarily conducted through its wholly-owned Indian subsidiary, JGL, which operates the USFDA registered Nanjangud Facility. This business was acquired from the Parent in FY2015 pursuant to the group restructuring.

The Company's solid dosage formulations business is primarily conducted through (i) its indirect wholly-owned subsidiary in the United States, Jubilant Cadista, and (ii) its wholly-owned subsidiary in India, JGL. These subsidiaries operate the USFDA registered Salisbury Facility and Roorkee Facility, respectively. Jubilant Cadista is held by the Company through Jubilant Pharma Holdings Inc. and Cadista Holdings Inc., which are both holding companies and wholly-owned subsidiaries of the Company. The Company had indirectly acquired 66.61% of the equity in Cadista Holdings Inc., and its wholly-owned subsidiary Jubilant Cadista, in FY2006 which was increased over the years. In FY2015, the Company acquired the remaining minority stake such that at present, Cadista Holdings Inc. is the Company's indirect wholly-owned subsidiary. The Roorkee Facility was acquired by JGL from the Parent in FY2015 pursuant to the group restructuring.

JGL also has a subsidiary, Jubilant Pharma N.V. in Belgium which is a holding company having two subsidiaries Jubilant Pharmaceuticals N.V. (formerly Pharmaceutical Services Incorporated N.V.) and PSI Supply N.V. that were acquired in FY2005. The shares of Jubilant Pharma N.V. were acquired from the Parent pursuant to the group restructuring in FY2015. Jubilant Pharmaceuticals N.V. is engaged in the business of out licensing of solid dosage formulations products and providing regulatory services to generic pharmaceutical companies. PSI Supply N.V. is engaged in the supply of solid dosage formulations to the European markets. The part of the life sciences ingredients business of the Parent, which was operated in Europe through Jubilant Pharmaceuticals N.V., was transferred to Jubilant Life Sciences N.V., in FY2014.

The business of contract manufacturing of sterile injectables and the production and manufacturing of allergy therapy products is conducted by the Company through JHS (formerly known as HollisterStier Laboratories LLC), the Company's indirect wholly-owned subsidiary, which operates the USFDA registered Spokane Facility. JHS is held by the Company through its indirect wholly-owned subsidiary, HSL Holdings Inc. which is a holding company which was acquired by the Company in FY2008. Such acquisition also included the acquisition of 100% of the equity in HollisterStier Laboratories LLC now known as Jubilant HollisterStier LLC, a U.S.-based company engaged in the contract manufacturing of sterile injectables and the production of allergenic extracts, providing the Company with further opportunities to expand the pharmaceuticals business and to produce and manufacture allergy therapy products.

The business of contract manufacturing of sterile injectables is also carried out through JHS GP, which operates the USFDA registered CMO Montreal Facility. JHS GP, was acquired by the Company in FY2008 and is a general partnership of Jubilant HollisterStier Inc. and Draxis Pharma LLC, both holding companies indirectly wholly-owned by the Company.

The business of radiopharmaceuticals is primarily conducted through our wholly-owned subsidiary JDI (formerly Draxis Pharma Inc.), which operates the USFDA registered JDI Montreal Facility. JDI (formerly Draxis Pharma Inc.) which manufactured sterile products, non-sterile products and radiopharmaceuticals was acquired by the Company in FY2009.

In addition to acquisitions relating to our business lines, in FY2006, we acquired Jubilant Clinsys Inc. (formerly Target Research Associates Inc.), which carries out pharmacovigilance activities.

Triad Acquisition

During FY2018, Jubilant DraxImage Radiopharmacies Inc. ("**JDR**"), an indirect wholly-owned subsidiary of the Company entered into an asset purchase agreement dated May 4, 2017 (the "**Triad Asset Purchase**

Agreement") with Triad to acquire substantially all of the assets which comprised Triad's radiopharmacy business. The acquisition was funded through internal accruals with no increase in debt. Post-acquisition of Triad's radiopharmacy assets, we operate the second largest centralized commercial radiopharmacy network in the United States with a national footprint of more than 50 radiopharmacies across 22 states. We distribute nuclear medicine products through our wholly-owned subsidiary, JDR to national GPOs, regional networks, standalone imaging centers, cardiologists and hospitals. We believe the acquisition is a strategic fit to support our niche radiopharmaceuticals business line and has provided us with direct access to hospital networks and the ability to deliver approximately three million patient doses annually to approximately 1,700 customers. In addition, we expect the acquisition to expand the scale of our radiopharmaceuticals business line in the Specialty Pharmaceuticals vertical and complement our strategy of being a leading nuclear medicine player. The acquired radiopharmacies continue to operate independently under the brand name of Triad Isotopes.

Key Milestones of our Group

The timeline below sets out our key organic and inorganic initiatives from FY2003.

Financial Year	Milestone
2003	• JLL (then known as Jubilant Organosys Limited) acquired API business—Nanjangud, Karnataka, India
2005	• Acquired Jubilant Pharma N.V. (formerly Pharmaceutical Services Incorporated N.V.) and PSI Supply N.V. (Belgium)
	• Created R&D center for solid dosage formulations
2006	• Acquired a majority stake in Cadista Holdings Inc. (generics pharmaceutical company in the United States) with a USFDA registered manufacturing facility for solid dosage formulations in Salisbury, United States. We conducted our solid dosage formulations business at our Salisbury Facility through Jubilant Cadista.
	• Acquired Jubilant Clinsys Inc. (formerly Target Research Associates Inc.) (a clinical trial management company in the United States)
2008	• Acquired HollisterStier Laboratories LLC, now known as Jubilant HollisterStier LLC, in the United States (a CMO service provider)
	• Acquired CMO/allergy facility in Spokane, United States (HollisterStier Allergy)
	• Commissioned of solid dosage formulations facility in Roorkee, Uttarakhand, India
2009	• Acquired JDI (formerly Draxis Pharma Inc.) in Canada (manufacturer of sterile products, non-sterile products and radiopharmaceuticals)
2015	• Fund raising from IFC through a mix of debt and convertible instruments
	• Acquired balance of minority stake in Cadista Holdings Inc.
	• Consolidation of the pharmaceutical business under the Company through a group restructuring
2017	• SGX-listed high yield bond offering
2018	• Completed acquisition of Triad's radiopharmacies in the United States

BUSINESS

Overview

We are a global integrated pharmaceutical company offering a wide range of products and services to our customers across geographies. We organize our business into two segments, namely, Specialty Pharmaceuticals, comprising radiopharmaceuticals (including radiopharmacies), contract manufacturing of sterile injectables and non-sterile products ("**CMO**") and allergy therapy products, and Generics & APIs, comprising solid dosage formulations and active pharmaceutical ingredients ("**APIs**"). Specialty Pharmaceuticals accounted for close to two-thirds of our total revenue from operations for the financial year ended March 31, 2018, and Generics & APIs accounted for the remainder. As at December 31, 2018, we supplied our products and services to customers in over 80 countries. North America, where a majority of our customers are based, accounted for a significant portion of our total revenue from operations for the financial year ended March 31, 2018. We have four manufacturing facilities in North America and two in India, coupled with research and development ("**R&D**") centers in North America and India. In addition, we have a distribution network of more than 50 radiopharmacies in the United States. All of our manufacturing facilities are registered with the USFDA and Health Canada, among other regulatory bodies, and all of our radiopharmacies are licensed by state boards of pharmacy in each applicable jurisdiction. As previously announced on July 30, 2018, we are evaluating the option of fundraising through an initial public offering.

A summary of our business segments is outlined below:

- *Specialty Pharmaceuticals*
  - *Radiopharmaceuticals*—We develop, manufacture, distribute and market diagnostic imaging and therapeutic radiopharmaceutical products. According to Frost & Sullivan, we are the third largest radiopharmaceutical manufacturer in the nuclear medicine industry for the United States based on revenue. We have a strong portfolio of differentiated products used in the diagnosis, treatment and monitoring of various diseases. Clinical applications for our radiopharmaceutical products include cardiology, oncology, endocrinology (thyroid diagnostic imaging and therapy), pulmonology (lung perfusion and ventilation scans), renal (kidney), neurology (brain), infection imaging (leukocyte labeling) and bone imaging. Our radiopharmaceuticals business has a well-established base in North America and is also expanding in Latin America, Europe and Asia. In North America, we have JDI Montreal Facility, a USFDA and Health Canada approved manufacturing facility located in Kirkland, Montreal, Canada for production of our radiopharmaceutical hot products as well as cold products, and a nationwide commercial radiopharmacy distribution network in the United States. We acquired the network in September 2017 to strengthen our radiopharmaceutical distribution capabilities. According to Frost & Sullivan, our distribution network is the second largest centralized commercial radiopharmacy network in the United States with a national footprint of more than 50 radiopharmacies across 22 states. Our radiopharmaceutical customers include third party commercial radiopharmacy networks and our own radiopharmacies, GPOs and regional networks, standalone imaging centers, hospitals and cardiologists in the United States, leveraging our radiopharmaceutical capabilities for end-to-end customer service in the United States.
  - *Contract Manufacturing of Sterile Injectables and Non-Sterile Products (CMO)*—We are an integrated contract manufacturer with a broad range of capabilities, which includes developing and producing sterile injectables and non-sterile products. We believe we have predictability and stability in our CMO business underpinned by long-term contracts we have entered into with such customers. We focus on the delivery of clinical and commercial fill and finish services for sterile parenteral pharmaceuticals, utilizing both liquid and lyophilization capabilities. Additional capabilities include the manufacture of sterile and non-sterile ophthalmics, ampoules, creams, ointments and liquids. Our key markets for sterile injectables and non-sterile products are North America and Europe. Our CMO manufacturing facilities, Spokane Facility and CMO Montreal Facility, have obtained USFDA and Health Canada certifications for their manufacturing processes. Our customer base includes leading innovative pharmaceutical companies in the United States, as well as other companies and organizations in the pharmaceutical and biotechnology industries in North America, Europe and Asia. We contract manufacture cold kits at our CMO Montreal Facility to support our radiopharmaceutical products.
  - *Allergy Therapy Products*—We provide allergy therapy products to the allergy specialty industry with a product offering range of over 200 different allergenic extracts and standard allergy vaccine mixtures as well as six different insect venom products for the treatment of allergies to insect stings. According to Frost & Sullivan, we are one of the top three players in the allergenic extract market in the United States with a market share of 17.6% and are currently the sole producer and supplier of venom products for the treatment of allergies in the United States. We produce and market a number of products under the "HollisterStier"

brand. Our allergy therapy products business line has traditionally focused on North America as our key market, where we believe we have generated significant brand loyalty due to the quality of our products and long-standing operating history. We also market some of our key products such as allergenic extracts and venom extracts in Canada, Europe, Australia, New Zealand and South Korea through distributors. Our allergy therapy products are manufactured at our Spokane Facility. The primary target user base of our allergy therapy products are allergists; ear, nose and throat physicians; general physicians and hospital-based clinics across North America.

- *Generics & APIs*
  - *Solid Dosage Formulations*—We are engaged in the development, manufacture, sale and distribution of prescription generic pharmaceutical products principally in the United States, and with a growing presence in Europe, Canada, Japan, Australia, as well as the rest of the world. We focus primarily on the manufacture and sale of solid dosage formulations for CVS, CNS, GI and anti-allergy therapeutic categories. According to Frost & Sullivan, we are one of the market leaders in the United States, based on our market share of several key products. As at December 31, 2018, in the United States, we had 28 commercialized solid dosage formulations available. We also have a strong pipeline of products pending approval in a number of jurisdictions. For example, in the United States, since we commenced operations through to December 31, 2018, we have made a total of 96 ANDA filings for solid dosage formulations, of which 35 are pending approval. Our solid dosage formulations business derives benefit from backward integration into our API business and we have two manufacturing facilities for solid dosage formulations, our Salisbury Facility and our Roorkee Facility, both of which are registered with the USFDA and Health Canada.
  - *Active Pharmaceutical Ingredients (APIs)*—We develop and produce APIs in the therapeutic areas of the CVS, CNS, GI, anti-infectives and anti-depressants. According to Frost & Sullivan, we are one of the global suppliers for several key API products based on market share. Approximately 80% of our commercialized portfolio is in lifestyle driven therapeutic areas such as CVS and CNS, catering to an increasing incidence of lifestyle-related medical conditions or non-communicable diseases including cardiac ailments and seizures. Our APIs are produced at manufacturing plants in our Nanjangud Facility. As at December 31, 2018, we had 39 commercialized APIs available globally and had filed 94 DMFs in the United States. Our APIs are exported worldwide, into emerging as well as developed markets. Our key markets are North America, South America, Europe, Japan, Korea, Commonwealth of Independent States (CIS) countries, the Middle East and Australia. According to our internal estimates, we believe approximately 60.0% of our sales are to regulated markets, namely, the United States, Europe and Japan. Our APIs are primarily sold to manufacturers of formulations of generic drugs and used in our solid dosage formulations business line. Approximately 15% of our APIs we produce are used in-house for the manufacturing of solid dosage formulations by the Group.

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

	Financial Year Ended March 31				Nine Months Ended December 31			
	2017		2018		2017		2018	
	(US$ thousands)	(%)	(US$ thousands)	(%)	(US$ thousands)	(%)	(US$ thousands)	(%)
Specialty Pharmaceuticals								
Radiopharmaceuticals	121,602.4	26.4	265,060.6	42.8	176,663.2	41.4	267,944.6	47.6
Contract Manufacturing of Sterile Injectables and Non-Sterile Products (CMO)	88,740.6	19.3	100,863.4	16.3	66,847.6	15.7	81,630.6	14.5
Allergy Therapy Products	36,350.9	7.9	43,598.8	7.0	32,421.5	7.6	38,066.5	6.8
Sub-total Specialty Pharmaceuticals	**246,694.0**	**53.6**	**409,522.9**	**66.1**	**275,932.3**	**64.7**	**387,641.6**	**68.9**
Generics & APIs								
Solid Dosage Formulations	121,992.8	26.4	123,540.8	20.0	88,854.7	20.8	109,629.9	19.4
Active Pharmaceutical Ingredients (APIs)	91,885.4	20.0	86,101.9	13.9	61,973.4	14.5	65,587.4	11.7
Sub-total Generics & APIs	**213,878.1**	**46.4**	**209,642.7**	**33.9**	**150,828.2**	**35.3**	**175,217.2**	**31.1**
Revenue from operations (net)	**460,572.1**	**100.0**	**619,165.6**	**100.0**	**426,760.4**	**100.0**	**562,858.8**	**100.0**

Competitive Strengths

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

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

Radiopharmaceuticals. According to Frost & Sullivan, we are one of the leading integrated players in the U.S. market that develops, manufactures, distributes and markets radiopharmaceutical products and are the third largest radiopharmaceutical manufacturer in the nuclear medicine industry for the United States based on revenue. We believe we are well-positioned in the high value niche segment of radiopharmaceuticals, offering quality diagnostic imaging and therapeutic radiopharmaceutical products. We specialize in lung, thyroid, bone and cardiac imaging products as well as thyroid disease therapy. For diagnostics, our key products include MAA and DTPA, both of which we have a 100% market share in the United States, according to Frost & Sullivan. For therapeutics, our key products include I-131, of which we are one of only three manufacturers globally, according to Frost & Sullivan.

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

Contract Manufacturing of Sterile Injectables and Non-Sterile Products (CMO). We are fully integrated, providing a broad range of capabilities including sterile liquids and lyophilized products, ointments, creams and lotions (OCL) and biologics. We serve seven of the top 20 pharmaceutical companies globally (based on revenue, according to Frost & Sullivan). We have an established market position in the sterile injectables and non-sterile products markets globally, with deep and long-term relationships with our top 10 customers who include some of the leading innovative pharmaceutical companies. For example, as at December 31, 2018, our top 10 customers have been with us for at least five years, and six of our top 10 customers have been with us for over 10 years. We believe we have predictability in our CMO business as supported by our consistently strong order book with recurring orders from long-standing customers and as a result of long-term contracts we have entered into with certain customers. With our North American-based manufacturing operations, we benefit from being geographically close to our customers, a majority of which are located in North America. We expect to further benefit from barriers to entry in this segment, including the level of technical expertise required to develop products, obtain licensing and regulatory approvals and manufacture of such products. In particular, there is a growing demand for sterile injectables capabilities, which generally involve complex processes, and we believe we are one of a limited number of manufacturers with the requisite know-how. Accordingly, we expect to be able to continue to increase our market share for sterile injectables and non-sterile products as a result of our proven regulatory track record with the USFDA, Health Canada, UKMHRA, KFDA Korea, ANVISA Brazil and PMDA Japan, our expertise in multi-mode contract manufacturing and our broad range of capabilities.

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

Solid Dosage Formulations. We believe we have a strong product portfolio. According to Frost & Sullivan, we are one of the market leaders in the United States based on market share of several key products, namely, prochlorperazine, methylprednisolone, prednisone, olanzapine ODT, donepezil and, pantoprazole. We focus primarily on the manufacture and sale of solid dosage formulations for CVS, CNS, GI and anti-allergy

therapeutic categories. As at December 31, 2018, we had 54 commercialized generic solid dosage formulations products across the United States, Europe, Canada, Australia and the rest of the world. We have capabilities in multiple dosage forms and our solid dosage formulations business derives benefit from backward integration into our API business, supported by our in-house R&D facilities for formulation development, and extensive regulatory filings capabilities and cost effective manufacturing. These capabilities allow us to flexibly target attractive product development opportunities. In the United States, since we commenced operations through to December 31, 2018, we have made a total of 96 ANDA filings for solid dosage formulations, of which 35 are pending approval. Additionally, our in-house API capability allows us to better control the development of certain products from formulation through commercialization and provides a stable source of API supply for these products at competitive prices.

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

Diverse sources of revenue with a de-risked business model

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

Products and Product Supply. As at December 31, 2018, we had a diversified product portfolio including diagnostic and therapeutic radiopharmaceuticals, a broad range of sterile injectables and non-sterile products, over 200 different allergens and standard allergy vaccine mixtures, 54 commercialized generic solid dosage formulations and 39 commercialized APIs sold across markets globally. As a result of our diversified product portfolio, we benefit from diversified revenues between two differentiated business segments. Our Specialty Pharmaceuticals business segment, largely catering to the U.S. market, contributed 66.1% of our total revenues from operations for the financial year ended March 31, 2018, while our Generics & APIs business segment, which focuses on developing limited competition products, contributed 33.9% of our total revenue from operations for the financial year ended March 31, 2018. Our top 10 products by revenue contributed 39.4% and 39.4% of our total revenue from operations for the financial year ended March 31, 2018 and the nine months ended December 31, 2018, respectively, and our top product contributed 13.6% and 11.6% to our total revenue from operations for the financial year ended March 31, 2018 and the nine months ended December 31, 2018, respectively. No other product represented more than 10% of total revenue from operations for the financial year ended March 31, 2018 and the nine months ended December 31, 2018.

Customers. We have a broad and diversified customer base across each of our five business lines. For the financial year ended March 31, 2018 and the nine months ended December 31, 2018 we derived 33.8% and 31.1%, respectively, of our total revenue from operations from our top 10 customers (excluding GPOs but including customers purchasing goods and services through such GPOs). For the financial year ended March 31, 2018 and the nine months ended December 31, 2018, save for one customer, none of the top 10 customers of the Group contributed more than 5% of the total revenue.

Geographic diversification. We had sales in over 80 countries as at December 31, 2018. Revenues from North America, Europe, Asia and rest of the world contributed 82.0%, 8.9%, 5.6% and 3.6%, respectively, of our revenue from operations for the nine months ended December 31, 2018. We believe that our established footprint in stable and regulated markets such as North America demonstrates the sustainability of our revenue generation and margins going forward.

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

Strong product pipeline with deep R&D capabilities

We believe we are well-positioned for future growth with a strong pipeline of products under development and across all of our business lines. In radiopharmaceuticals, we are focused on high value niche products with diagnostic and/or therapeutic uses. As at December 31, 2018, two of our radiopharmaceutical products have received 505(b)(2) approvals from the USFDA, namely Drax Exametazime™ and RUBY-FILL® Rubidium Rb82 Generator and Elution System. In addition to Drax Exametazime™ and RUBY-FILL® Rubidium Rb82 Generator and Elution System, our radiopharmaceuticals business line is in the process of developing certain products such as I-131 mIBG for which we plan to make an NDA filing. In addition, we have eight other products in different stages of development for which we may consider making 505(b)(2) filings. For allergy therapy products, subject to the completion of relevant approvals from USDA, we plan to register our venom products and allergenic extracts for use in animals. We also have a strong pipeline in our Generics & APIs business segment and since we commenced operations through to December 31, 2018, for solid dosage formulations we have filed 96 ANDAs in the United States, of which 35 ANDAs are pending approval, and for APIs, we have filed 94 DMFs in the United States. As at December 31, 2018, for solid dosage formulations, we have made a total of 23 product filings in Canada, of which one is pending approval, 34 product filings in Europe, of which two are pending approval and 42 product filings in the rest of the world, of which seven are pending approval. In addition, as at December 31, 2018, for sterile injectables, we have filed 15 ANDAs (inclusive of 11 ANDAs for radiopharmaceuticals), of which two ANDAs are pending approval in the United States, 16 product filings in Canada, four product filings in Europe, of which one is pending approval and nine product filings in the rest of the world.

Our captive value chain in our business lines and our large scale of production allow us to build and retain leadership through product innovation and new product launches. Our R&D continues to lead to new, innovative processes and new knowledge-driven products that increase the efficiencies of our production and allow us to capitalize on opportunities for growth in competitive markets. We have R&D centers located in North America and India and, as at December 31, 2018, we employed a team of over 400 R&D professionals with expertise in the development of non-infringing processes for APIs and solid dosage formulations, as well as specialized and/or niche formulations and designs for radiopharmaceuticals and other products, which have been taken to commercialization. As at December 31, 2018, we have been granted patents for intellectual property in various countries for innovation, including 19 active patents granted relating to APIs in a number of different countries, five active patents granted relating to solid dosage formulations in a number of different countries, 123 active patents granted relating to radiopharmaceutical products in a number of different countries and one active patent granted relating to allergy therapy products in the United States giving us in-house radiopharmaceutical distribution capabilities, thereby reducing our reliance on third party radiopharmaceutical distributors.

Global competitive edge due to integrated and efficient manufacturing operations

Integration across the value chain enables us to benefit from cost competitiveness advantages and better capacity utilization due to captive demand. We believe our large scale capacity manufacturing sites in India provide us with cost advantages in terms of wages and raw materials prices as compared to many of our global competitors, as well as economies of scale. In addition, by virtue of our integrated operations, we believe that we enjoy competitive advantages in the form of cost efficiencies by producing across the value chain, thereby reducing our dependence on third parties for supply of feedstock and helps to insulate us from significant volatility in raw materials prices. The APIs from our manufacturing facilities are used for solid dosage formulations under our generics business. For the financial year ended March 31, 2018 and the nine months ended December 31, 2018, approximately 15% of our APIs we produce are used in-house for manufacturing of solid dosage formulations, which accounts for approximately 35% of the APIs used in such solid dosage formulations manufactured by the Group. Such integration between our solid dosage formulations and API business lines, allows us to continuously

improve our cost of production. Multiple products in our radiopharmaceuticals and allergy therapy products business lines are manufactured in our CMO facilities. For example, our CMO Montreal Facility is used to manufacture cold products (non-radioactive products that may be later complexed with radioisotopes) such as DRAXIMAGE® MAA and DRAXIMAGE® MDP-25 for our radiopharmaceuticals business line, and our Spokane Facility is used to manufacture products for our allergy therapy products business line. Additionally, our radiopharmaceutical products are distributed through our network of more than 50 radiopharmacies.

We operate our plants in accordance with cGMP and/or other applicable requirements. We currently operate four USFDA registered manufacturing facilities in North America and two USFDA registered manufacturing facilities in India. As the USFDA has heightened standards for and increased its monitoring of pharmaceutical manufacturers significantly over the last decade, we intend to continue to adhere to USFDA regulations to assure our customers of the quality of our manufacturing processes and products. As at December 31, 2018, we employed over 700 quality control employees, over 60 regulatory employees and over 50 technical services employees to support our production of quality products. Three out of six of our manufacturing facilities were inspected by the USFDA in the financial year ended March 31, 2018. Of the remaining sites, the Salisbury Facility was inspected in April 2018, the CMO Montreal Facility was inspected in May 2018 and the Roorkee Facility was inspected in August 2018. Most recently, our Spokane Facility was inspected by the USFDA and the CBER USFDA in October 2018, and our Nanjangud Facility was jointly inspected by the USFDA and Health Canada in December 2018. In addition to inspections by the USFDA, in the financial year ended March 31, 2018, we were inspected by a number of other regulatory agencies, including, Health Canada (CMO Montreal Facility and Nanjangud Facility), CDSCO in India (Roorkee Facility), ANVISA Brazil (Spokane Facility) and RP Darmstadt Germany (Roorkee Facility), and in the nine months ended December 31, 2018, we were inspected by Health Canada (JDI Montreal Facility and Nanjangud Facility (joint inspection with the USFDA as described above)).

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

Our revenue from operations was US$460.6 million and US$619.2 million, respectively, for the financial years ended March 31, 2017 and 2018. Our profit for the year was US$50.3 million and US$49.1 million, respectively, for the financial years ended March 31, 2017 and 2018. From the financial year ended March 31, 2017 to the financial year ended March 31, 2018, our Adjusted EBITDA has grown at a CAGR of 9.0% and our Adjusted EBITDA and Adjusted EBITDA Margin for the financial year ended March 31, 2018 was US$151.5 million and 24.5%, respectively. Our share of revenues and Segmental Adjusted EBITDA attributable to Specialty Pharmaceuticals has increased, accounting for 53.6% and 66.1% of our total revenue from operations, and 72.4% and 91.0% of our total Adjusted EBITDA, in the financial years ended March 31, 2017 and 2018, respectively.

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

Strong acquisitions and integration capabilities with a proven track record

We have differentiated ourselves by building niche businesses especially in the specialty injectables space and have built our capabilities through successful integration of our past acquisitions. For example, beginning in 2003, we acquired our Nanjangud Facility followed by multiple acquisitions in the United States, Canada and Europe. These have included significant acquisitions over time to establish our various business lines, including Cadista Holdings Inc., a generic pharmaceutical company in 2005, which enabled us to expand our solid dosage formulations capabilities in North America. Our acquisitions in 2008 of HollisterStier Laboratories, a CMO service provider, and HollisterStier Allergy's allergy facility in Spokane helped us leverage an existing brand to gain a foothold in two new business lines, being contract manufacturing of sterile injectables and allergy therapy products. We further expanded our footprint in 2009 by entering into radiopharmaceuticals through our acquisition of Draxis Pharma, Inc.'s radiopharmaceuticals business. In 2015, to further consolidate our ownership and control, we acquired the balance minority stake in Cadista Holdings Inc. Most recently, we acquired substantially all of Triad's assets which comprised its radiopharmacy business in the United States. As a result, according to Frost & Sullivan, we now have the second largest centralized commercial radiopharmacy network in the U.S. comprised of more than 50 radiopharmacies across 22 states. Growth-related acquisitions and investments in facilities, capacity and capabilities across our businesses have positioned us for future growth in areas aligned with anticipated future demand. Each of our significant acquisitions were intended to help us

diversify and differentiate our business. We have put together a specialist in-house strategy team, which works with the Promoters and senior management team to support expansion, identify potential acquisition and investment opportunities in the market and evaluate the same on an ongoing basis.

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

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

Business Strategies

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

Continue to strengthen leadership positions in our key business segments

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

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

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

influence the industry, and we will look to enhance our customer offerings to renew and extend existing agreements with our customers. We also plan to look for opportunities to establish new distribution channels through collaboration and contractual arrangements with our strategic partners.

Contract Manufacturing of Sterile Injectables and Non-Sterile Products. Due to consolidation activities across the CMO space and our compliant regulatory status, we have seen an influx of new clients at both our Spokane, Washington, United States and Montreal, Canada sites, which creates opportunities for us to capture greater market share. We believe we are in a position to grow the CMO business by continuing to focus our efforts on strengthening our industry position by enhancing and expanding our capacity, including through focusing on consistent and "first time right" customer service, extending and deepening our relationships with leading innovator pharmaceutical companies, focusing on long term high value contracts; building new customer relationships including identifying new customer targets for ampoules, semi-solids and non-sterile liquids, finding opportunities to strategically extend our product portfolio, and evaluating opportunities for new product launches. We are also exploring opportunities to increase capacity by reducing unutilized production capacities and establishing new lines within our current capabilities, including lyophilization. In addition, we plan to expand capacities through debottlenecking. De-bottlenecking and operating our Spokane Facility on a 3-shift, 7-day basis enables us to increase capacity to achieve greater sales volume. In this regard, we have initiated plans to increase available capacity at our Spokane Facility by approximately 25% based on currently identified initiatives, including running our production lines 24/7. Our production efficiency measures are also aimed to increase our product filing yield and reduce the time cycle between product releases.

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

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

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

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

We aim to be closer to our customers to provide them with high quality products and services. We have established strong and long-standing customer relationships across our business lines and we intend to capitalize on the strength of these relationships to create and pursue additional growth opportunities. As at March 31, 2018, approximately 70% of our assets, including our four manufacturing facilities in North America (Spokane Facility, CMO Montreal Facility, JDI Montreal Facility and Salisbury Facility), our network of more than 50 radiopharmacies and the Group's non-current assets, were based in North America in order to better serve our customers, a majority of which are based in North America. North America accounted for 80.1% and 82.0% of

our total revenue from operations for the financial year ended March 31, 2018 and the nine months ended December 31, 2018, respectively. We will continue to leverage the insights we have gained from successfully bringing products to market in the highly regulated U.S. market to launch products in other markets like Europe, Japan, Australia and other emerging markets. However, we expect revenues and profitability in North America will continue to account for a significant portion of our future consolidated revenues as we continue to focus on growth in North America.

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

We believe our success is derived from our ability to select attractive product candidates and increase capacity utilization. We expect to grow our diverse product and service portfolio both by increasing penetration in existing markets and expanding our product portfolio by utilizing market expertise globally. We believe that we will have a higher likelihood of increasing our penetration in our existing markets by offering new product innovations to our customers to meet their demands. We also intend to expand our product portfolio by utilizing our market expertise in the United States, Europe, Canada and other targeted countries to identify new product development and marketing opportunities. We aim to deliver high quality products and services by maintaining efficient and regulatory compliant manufacturing facilities. We believe that we are proactive in maintaining good relationships with key regulatory agencies in North America, Japan and Europe and that our track record of compliance with global standards and regulations is an important factor in obtaining timely regulatory approvals and in maintaining long standing customer relationships.

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

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

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

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

We have historically grown our business through a series of organic and inorganic initiatives. For example, we completed the acquisition of our Nanjangud Facility, followed by multiple acquisitions in the United States, Canada and Europe. Most recently, in September 2017, we acquired substantially all of the assets which comprised Triad's radiopharmacy business. While we remain focused on driving the growth of our business organically, we intend to continue to pursue sizeable, strategic acquisitions to further strengthen our portfolio, gain competitive advantage, consolidate leadership positions and accelerate growth within our existing business lines, and achieve higher than industry growth. These opportunities may include, among others: (i) expanding the radiopharmacy sales and distribution network in the United States and Canada through strategic and selective acquisitions, (ii) expanding manufacturing capacity and capabilities through the addition of new sites to further strengthen the radiopharmaceutical product portfolio focused on the North American market, and (iii) acquiring manufacturing sites in India to support our Generics & APIs business segment. We have a dedicated team in place to identify these opportunities and a rigorous and financially disciplined process for evaluating, executing and integrating such acquisitions. At this time, we have not entered into any agreement or commitment with respect to any material acquisitions or investments but we continue to explore suitable opportunities.

Business Segments

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

Specialty Pharmaceuticals

Our Specialty Pharmaceuticals business segment comprise radiopharmaceuticals, CMO and allergy therapy products. The United States is the most significant market for our Specialty Pharmaceuticals business segment, particularly after our acquisition of substantially all of the assets which comprised Triad's radiopharmacy business in September 2017. As a result, we also operate the second largest centralized commercial radiopharmacy network in the United States with a national footprint of more than 50 radiopharmacies across 22 states, according to Frost & Sullivan. See "*Corporate Structure and History of Our Group—Triad Acquisition*". We believe the acquisition is a strong strategic fit with our niche radiopharmaceutical business and will help us better serve healthcare providers and their patients with quality radiopharmaceutical products. According to Frost & Sullivan, there are significant growth opportunities in the distribution of radiopharmaceuticals to end-user customers in the United States. According to Frost & Sullivan, the radiopharmaceutical market will experience a 6.3% CAGR 2018-2023. The growth will be driven by increasing prevalence of disease and focus on therapeutic radiopharmaceuticals.

Radiopharmaceuticals

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

Our radiopharmaceuticals business generated revenues of US$265.1 million for the financial year ended March 31, 2018 (inclusive of the revenues generated by our radiopharmacies during the seven-month period from the time of acquisition on September 1, 2017 through March 31, 2018) and US$267.9 million for the nine months ended December 31, 2018, which comprised 42.8% and 47.6%, respectively, of our revenue from operations for the year/period.

Products and Services

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

We have a strong portfolio of differentiated products used in the diagnosis, treatment and monitoring of various diseases. In the SPECT market, our products include HICON® Sodium Iodine I-131 Solution USP for thyroid disease and thyroid cancer management (used in combination with SMART-FILL™ Dispensing System for safer and more accurate dosage administration), DRAXIMAGE® MAA for lung perfusion imaging, DRAXIMAGE® DTPA for lung ventilation, brain and renal imaging and DRAXIMAGE® MDP-25 used in bone scanning. Additionally, we market DRAXIMAGE® I-131 Diagnostic Capsules and solutions used in the assessment of thyroid function and imaging, Sodium Iodide I-131 Therapeutic Capsules and solutions for thyroid-related treatments and thyroid carcinoma, DRAXIMAGE® Sestamibi used in the imaging of myocardial perfusion imaging and Drax Exametazime™ used in white blood cell-labeled imaging to identify intra-abdominal infection and inflammatory bowel disease.

In the PET market, pursuant to our Section 505(b)(2) NDA filing, we obtained USFDA approval for RUBY-FILL® Rubidium Rb82 Generator and Elution System in September 2016, bringing to the PET market, a newly developed innovative technology for PET MPI. RUBY-FILL® Rubidium Rb82 Generator and Elution System is comprised of a Rubidium-82 ("**Rb-82**") generator and an elution system, Ruby Rubidium Elution System™ ("**RbES**"), which we believe is novel in the cardiac nuclear medicine industry. We believe RUBY-FILL® offers overall improved diagnostic sensitivity, specificity and accuracy in cardiac PET by enabling improved image quality, higher dosing accuracy and infusion consistency and reliability. Certain features of RUBY-FILL® Rubidium Rb82 Generator and Elution System include automated quality control and reports, automated safety alerts aimed at detecting Sr-82 breakthrough and flexible patient dosing, among other things. We believe PET imaging with RUBY-FILL® Rubidium Rb82 Generator and Elution System can provide significantly lower patient radiation doses as compared to current SPECT MPI procedures. In March 2018, two legal challenges were filed by Bracco against the Jubilant Defendants in the United States District Court for the District of New Jersey and with the USITC in connection with alleged patent infringement relating to RUBY-FILL® Rubidium Rb82 Generator and Elution System. See "*—Legal Proceedings—RUBY-FILL® Proceedings*" for further details.

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

Commercial Radiopharmacies. As a result of our acquisition of substantially all of the assets which comprised Triad's radiopharmacy business, we operate the second largest centralized commercial radiopharmacy network in the United States, according to Frost & Sullivan. We compound and distribute radiopharmaceuticals to national GPOs and regional networks, standalone imaging centers, cardiologists and hospitals in the United States, leveraging our radiopharmaceutical capabilities for end-to-end customer service in the United States, among others. Our radiopharmacies also prepare both SPECT and PET doses for diagnostic imaging and therapeutic purposes. Our operations consist of direct distribution activities and outsourced deliveries made by contracted third party distributors within the United States, including serving as an integrated distribution partner for our radiopharmaceutical product pipeline and our generics & APIs products. The products we manufacture and distribute include DRAXIMAGE® Sestamibi, DRAXIMAGE® MDP-25, Drax Exametazime™, DRAXIMAGE® DTPA and DRAXIMAGE® MAA kits. Other products which we distribute but do not manufacture include Tc99m-Tetrofosmin, Tc99m Sodium Pertechnetate, In-111 Octreoscan, Tc99m Sulfur Colloid, Tc99m Mertiatide (MAG-3) and In-111 Oxine.

Market and Customers

Radiopharmaceuticals. Our radiopharmaceuticals business has a well-established base in North America, and is currently expanding in Latin America, Europe and Asia. Our radiopharmaceuticals customers include third party commercial radiopharmacy networks and our radiopharmacies (doing business as Triad Isotopes), and hospitals, free-standing imaging centers and cardiologists. We supply 14 USFDA or Health Canada approved diagnostic and therapeutic products to nuclear medicine departments in 18 different countries.

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

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

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

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

Sales, Distribution and Marketing

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

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

Research and Development

Radiopharmaceuticals. Our radiopharmaceuticals business has a specialized R&D team, based in Montreal, Canada, with extensive expertise in developing radiopharmaceutical generators, radiolabeled small molecules/biomolecules and stable lyophilized kits. Our R&D team in Montreal, Canada, supports existing products and leads development of new products using its own resources, and also collaborates with our R&D team in India, which is capable of handling products in various presentations, ranging from solutions to lyophilized kits to pre-filled syringes. Our R&D team in Montreal has sound understanding of developing generic and innovative products using a Quality by Design (QbD) approach and up-scaling the manufacturing processes which align with current regulatory expectations. We believe we have end-to-end integration within our R&D team in Montreal and in collaboration with our R&D team in India, covering all facets of the development cycle, starting from API synthesis to finished product development, filing and approval.

R&D development at our JDI Montreal Facility is critically supported by in-house analytical capabilities, including an animal testing facility, and intellectual property creation and protection. In addition, we believe our ongoing technological landscaping and networking help us design sustainable and effective solutions for the future. We believe our radiopharmaceutical R&D capabilities, enables us to continually engage in the development of new products.

Commercial Radiopharmacies. The commercial radiopharmacies generally do not engage in new product development. However, to remain competitive in the commercial radiopharmacy space we recognize a need to

innovate and re-define the commercial radiopharmacy operating model and footprint. We continuously seek opportunities to expand or enhance the efficiency of our radiopharmaceuticals business by optimizing the coverage of our radiopharmacy network including through further additions and improvements or consolidation of locations.

Fleet

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

Commercial Radiopharmacies. JDR maintains a fleet of drivers and leased vehicles delivering radiopharmaceuticals from our radiopharmacies directly to our customers on a daily basis. As at December 31, 2018, we have commissioned over 350 leased vehicles operated by approximately 400 JDR-employed drivers for the distribution and delivery of our products. JDR also engages delivery services with third party commercial couriers when required to supplement delivery requirements and fleet services.

Facilities

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

The two key products for our radiopharmaceuticals division are cold kits, being DRAXIMAGE® MAA and DRAXIMAGE® DTPA, manufactured by JHS, JDI's contracted CMO. Our radiopharmaceutical hot products include any product that is radioactive at the time of shipment from the manufacturing location, including HICON® Sodium Iodine I-131 Solution USP, I-131 therapeutic capsules and solutions, I-131 diagnostic capsules and solutions, I-131 mIBG, and our RUBY-FILL® generators. We do not consider our lyophilized kit products as hot products as they are reconstituted at radiopharmacies. These products do not ship from our JDI Montreal Facility as a radioactive hot product but rather are prepared with Tc99m at a radiopharmacy to form the final radiopharmaceutical product.

We continue to manage and minimize supply interruptions and have secured multi-source coverage for raw materials for our key products. We have entered into contracts with leading suppliers of I-131 radioisotopes, while JHS is currently our partner-of-choice for our cold kit manufacturing and supply. Under the current supply agreement with JHS, JHS supplies us with cold kits on commercial terms, which includes all JDI cold kit products, such as DRAXIMAGE® MDP-25, DRAXIMAGE® Sestamibi, DRAXIMAGE® Gluceptate, DRAXIMAGE® DTPA, DRAXIMAGE® MAA, and others. We engage in multi-sourcing for Sr-82 and I-131. For Sr-82, we have supply contracts with three key suppliers of six, and for I-131, we have supply contracts with two of the three suppliers globally. See "*Risk Factors—Risks Relating to Our Business—Our dependence on a limited number of third party suppliers for some of our key raw materials such as Molybdenum could prevent us from delivering some of our products, including radiopharmaceutical products, to our customers in the required quantities, within the required timeframe, or at all, which could result in order cancellations and decreased revenues*".

Commercial Radiopharmacies. The supply of radiopharmaceutical agents is highly regulated and affected by several factors. For nuclear imaging agents, the primary radioactive ingredient is Tc99m, which has a half-life of about six hours and is generated through the decay of Molybdenum, its parent radioisotope using a Molybdenum/Technetium generator. Molybdenum-99 has a half-life of approximately 66 hours and is produced by a limited number of nuclear reactors, all of which are located outside the United States. For PET, the primary radioactive ingredient is F-18 Fluorine, which is cyclotron-produced. Once activated, F-18 Fluorine has a half-life of approximately 110 minutes. PET radiopharmacies therefore need to have access to a cyclotron within their facilities. In addition, PET agents need to be synthesized, packaged and delivered quickly in order to reach physicians prior to the expiration of the radioactive agents. Not all PET agents can be produced within a PET radiopharmacy and transported to a customer, which is the case for Rubidium (Rb-82) and ammonia (N-13). As part of our acquisition of Triad's assets, we acquired a total of 51 SPECT nuclear pharmacies and three PET manufacturing sites operating from a total of 52 physical locations in the United States, as well as seven cyclotrons, of which three remain operational. The premises for these 52 locations were assigned to us by Triad Isotopes Inc. with the consent of the respective landlords. While certain leases provide for an option to renew, substantially all of these leases expire in the future including within the next 12 months. Depending on our

business needs and strategies, we may not extend or renew certain leases upon their respective expirations and/or may lease premises in different locations. As at December 31, 2018, we had a distribution network of 51 radiopharmacies.

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

Our CMO business line develops and produces sterile injectables, ampoules, ophthalmic and sterile/non-sterile ointment cream and lotions (OCL). We believe both the Spokane and Montreal facilities are leading service providers to the pharmaceutical industry, serving seven out of the top 20 pharmaceutical companies globally (based on revenue, according to Frost & Sullivan) and providing manufacturing product development and laboratory analytical services. Our CMO business services the spectrum of pharmaceutical industry requirements, from large-scale leading pharmaceutical companies to biotechnology organizations. We follow a partnership approach to this business, working closely with our customers to provide comprehensive solutions with utmost flexibility and customer service.

Our CMO business generated revenues of US$100.9 million for the financial year ended March 31, 2018 and US$81.6 million for the nine months ended December 31, 2018, which comprised 16.3% and 14.5%, respectively, of our revenue from operations for the year/period.

Products and Services

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

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

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

Market and Customers

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

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

We utilize a number of marketing channels to target key pharmaceutical and biotechnological customers such as advertising in trade publications, participation in tradeshows, social media, targeted email communications, direct mail, print media and other content marketing. We serve seven out of the top 20 pharmaceutical companies globally (based on revenue, according to Frost & Sullivan). We have deep and long-term relationships with our top 10 customers. For example, as at December 31, 2018, our top 10 customers have been with us for at least five years, and six of our top 10 customers have been with us for over 10 years. We also contract manufacture cold kits at our CMO Montreal Facility to support our radiopharmaceutical products.

Facilities

Our sterile injectables manufacturing facility located in Spokane, Washington, United States is focused on the delivery of clinical and commercial fill and finish services for sterile parenteral pharmaceuticals, utilizing both liquid and lyophilization capabilities. It is able to support manufacturing from a Phase I trial stage through to commercial manufacturing. The Spokane Facility has obtained MHRA, Health Canada, PMDA Japan and other certifications for its manufacturing processes. The last USFDA inspection of the Spokane Facility was in October 2018. The inspection resulted in the issuance of Form-483 inspectional observations. We have responded to these observations and believe the findings have been corrected. The EIR is pending.

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

Allergy Therapy Products

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

Products

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

Market and Customers

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

Sales, Distribution and Marketing

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

Facility

Our allergy therapy products are manufactured at our Spokane Facility. Our Spokane Facility maintains registration with the USFDA and Health Canada approval for manufacturing allergy therapy products. As part of our long-term facility upgrade, we plan to add a second lyophilizer and a second filler to our venom line. We believe this will provide redundancy in the case of equipment failure, and minimize interruptions to our supply of venom to the market. The last Center for Drug Evaluation and Research ("**CDER**") USFDA inspection of our Spokane Facility was in September 2017 and the EIR is pending. The last CBER USFDA inspection of our Spokane Facility was in October 2018 and the EIR is pending.

Generics & APIs

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

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

Solid Dosage Formulations

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

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

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

Products and Services

Our solid dosage formulations business develops generic drugs. As at December 31, 2018, we had 54 commercialized generic solid dosage formulations products across the United States, Europe, Canada, Australia and the rest of the world. One of the solid dosage formulations products that we manufacture for our CMO customers is sold in Japan under a third party's brand. In the oral solid dosage formulations business, our product portfolio spans CNS products such as lamotrigine, oxcarbazepine, cyclobenzaprine, donepezil, anti-histamine products such as meclizine and GI products such as pantoprazole in the United States market. Our range of products also includes value-added formulations and special formulations such as taste masking, flash tablets, oral dispersible forms, chewable tablets and modified release forms.

We also offer turnkey products and services to generic pharmaceutical companies by undertaking the supply of solid dosage formulations and APIs based on dossiers developed by us and arrange market authorizations and release for facilitating sales of solid dosage formulations in EU countries and the United States. We also provide regulatory affairs services, formulation development, licensing of marketing authorizations and supply solid dosage formulations to generic pharmaceutical companies in Europe.

According to Frost & Sullivan, within the United States, we are one of the market leaders based on market share for several key products, namely, prochlorperazine (largest market share at approximately 52.0%), terazosin

(largest market share at approximately 51.9%), methylprednisolone (largest market share at approximately 38.0%), prednisone (third largest market share at approximately 9.0%), olanzapine ODT (second largest market share at approximately 22.0%), donepezil (fourth largest market share at approximately 8.0%), and pantoprazole (fourth largest market share at approximately 13.0%). We develop dossiers for our products in accordance with regulatory and registration procedures for various countries, most of which incorporate our APIs, which we license to European generic pharmaceutical companies in addition to selling our own products in selective countries within Europe. In the United States, since we commenced operations through to December 31, 2018, we have made a total of 96ANDA filings for solid dosage formulations, of which 35 are pending approval. We have also made ANDA filings in other jurisdictions, including Canada and Europe. As at December 31, 2018, for solid dosage formulations, we have made a total of 23 product filings in Canada, of which one is pending approval, 34 product filings in Europe, of which two are pending approval and 42 product filings in the rest of the world, of which seven are pending approval.

We believe we have a strong product portfolio, focused on developing products for which we can be one of a few reliable suppliers in the market. We are registered to distribute products in more than 50 countries, directly and indirectly. In particular, for non-U.S. markets, we plan to become a leading supplier of esomeprazole through cost leadership and capacity enhancement. Esomeprazole is a proton-pump inhibitor used in the treatment of gastroesophageal reflux disease ("**GERD**") and other conditions involving excessive stomach acid. Currently, we distribute esomeprazole to seven countries with sales contracts in place for 16 additional countries. In line with our strategy to provide predictable and reliable service to our customers, we engage in dual-sourcing of our raw materials, including APIs, and dual-qualification of our manufacturing and/or packaging sites. Dual-sourcing and dual-qualifications also help to lower our cost base.

Market and Customers

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

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

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

We have also increasingly focused on diversification of the markets we sell to, particularly emerging markets. Outside the United States, we have subsidiaries in Europe and Australia and partnerships with local companies across the globe.

Sales, Distribution and Marketing

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

Arabia and Brazil. We typically partner with local pharmaceutical companies, distributors, retail pharmacy chains or local pharmaceutical marketing companies for sale of our products in those countries and such arrangements are usually long-term supply agreements extending up to five years.

Facilities

We have two manufacturing facilities for solid dosage formulations — one located in Salisbury, Maryland in the United States and the other, located in Roorkee, Uttarakhand, India. The Roorkee Facility has been inspected by, among others, the USFDA, FAMHP Belgium, PMDA Japan, ANVISA Brazil and MCC South Africa. The two sites collectively have an annual capacity of producing over 3.5 billion doses. The last USFDA inspection of our Salisbury Facility was in April 2018 and the EIR was received in September 2018. The last USFDA inspection of our Roorkee Facility was in August 2018 and resulted in four Form-483 observations. We have responded to the Form-483 inspectional observations for the Roorkee Facility. We have not yet received the EIR from this inspection. Subsequently, the USFDA has classified the inspection at the facility as "Official Action Indicated" through a letter dated November 27, 2018. While we have responded to the USFDA and contested this classification pursuant to our letter dated December 14, 2018, an "Official Action Indicated" classification can result in further regulatory action and the USFDA may also withhold approval for any pending applications in which the Roorkee facility is listed. In addition, following the inspection of our Roorkee Facility, which is owned by JGL, in August and September 2018, the USFDA issued Complete Response Letters (the "**CRLs**") to JGL in respect of two of its ANDAs previously filed with the USFDA in March 2014 and March 2017. The CRLs reaffirmed the observations identified during the recent inspection of the Roorkee Facility in August 2018, but did not cite concerns with the ANDAs themselves, including with respect to their clinical safety, bioequivalence or efficacy data. The FDA noted in the CRLs, among other things, certain outstanding inspection issues identified at the Roorkee Facility, and requested communications submitted to, or held with, the USFDA to facilitate resolution of such conditions or deficiencies, noted at the Roorkee Facility. The USFDA indicated in the CRLs that it cannot grant final approval of these ANDAs in their present form until there is satisfactory resolution of such observations.

We plan on increasing the solid dosage formulations capacity at our Roorkee Facility. The first phase of our expansion plan was recently completed and is expected to increase the solid dosage formulations capacity by one billion doses to meet increasing demand. The next phase would involve expanding our product manufacturing lines in oral solids and certain niches in Novel Drug Delivery System ("**NDDS**") with a view to increasing the contribution to revenues as we grow beyond the traditional regulated markets.

Raw Materials, Inputs and Suppliers

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

Research and Development

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

APIs

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

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

Products

As at December 31, 2018, we had 39 commercialized APIs available globally through commercial scale plants, of which carbamazepine, oxcarbazepine, citalopram, donepezil, pinaverium, valsartan, risperidone and meclizine are the most significant. According to Frost & Sullivan, we are one of the global suppliers based on market share for several key API products, namely, oxcarbazepine (global market share at approximately 30.0%), carbamazepine (global market share at approximately 20.0%), risperidone (global market share at approximately 33.0%), pinaverium (global market share at approximately 20.0%), citalopram (global market share at approximately 18.0%), donepezil (global market share at approximately 16.0%), and meclizine (global market share at approximately 20.0%). We are focused on the development of APIs in the following therapeutic categories: CVS, CNS, GI, anti-infectives and anti-depressants. Approximately 80% of our commercialized portfolio is in lifestyle driven therapeutic areas such as CVS and CNS, catering to an increasing incidence of lifestyle-related medical conditions or non-communicable diseases including cardiac ailments and seizures. As at December 31, 2018, in the United States, we had filed 94 DMFs in the United States. We have also made DMF filings in other jurisdictions, including Canada, Europe, Japan and Australia.

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

Market and Customers

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

Our APIs are exported worldwide, into emerging as well as developed markets. Our key markets are North America, South America, Europe, Japan, Korea, Commonwealth of Independent States (CIS) countries, the Middle East and Australia. Our API customers include leading global generic pharmaceutical companies. We are also forward integrated with our solid dosage formulations business line, supplying APIs for use in the manufacturing processes of our solid dosage formulations products. See "*—Solid Dosage Formulations—Raw Materials, Inputs and Suppliers*". For the financial year ended March 31, 2018 and the nine months ended December 31, 2018, third party customers accounted for more than 88.1% and 86.9% of our API revenues, respectively.

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

Sales, Distribution and Marketing

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

We rely primarily on our existing relationships with leading generic pharmaceutical companies in markets such as the United States, Europe, Canada, Japan and Brazil to explore opportunities to obtain regulatory approval for

and sell our APIs. We also employ agents who act as a link between ourselves and drug manufacturers interested in sourcing APIs to meet their requirements. Such arrangements are customized and we implement such arrangements selectively for certain countries or with customers where the local language, knowledge of regulations, customs and/or payment follow-up requirements necessitate the use of such services of a local entity as an intermediary. These contacts may be initiated by us, the manufacturer, or the distributor/agent if it is aware of mutual interest in outsourcing arrangements for a particular API.

Facility

Our APIs are produced at manufacturing plants in our facility in Nanjangud, Karnataka, India. There are currently six multi-purpose, multi-product commercial production plants at this facility. Our production plants are capable of conducting sophisticated manufacturing and chemical processes, particularly high-temperature or high-pressure reactions. Our Nanjangud Facility is approved by key regulatory agencies including the USFDA, PMDA Japan, KFDA Korean and COFEPRIS Mexico. The last inspection of our Nanjangud Facility was carried out jointly by the USFDA and Health Canada in December 2018. At the conclusion of this joint inspection, the USFDA issued a Form-483 with 12 observations on December 18, 2018. We have responded to the Form-483 observations in a timely manner and are yet to receive the EIR. As this was a joint inspection, Health Canada issued to us the same observations as the USFDA as part of their inspection exit notice on December 21, 2018. We responded to Health Canada on January 22, 2019 with details of our corrective and preventive actions. On January 16, 2019, the Nanjangud Facility received a letter from Health Canada indicating a NC rating and with an opportunity to appeal within 10 business days. We submitted our appeal on January 25, 2019 with a justification to reconsider the NC rating. We are currently in the process of engaging with Health Canada to remediate the concerns with our corrective and preventive actions.

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

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

- *Reduced changeover time leads to higher utilization*: We save approximately three production days per month for a line with two products;
- *Larger batch sizes*: Producing larger batches reduces our costs due to efficiencies in sources as well as reduces quality control cost for customers due to testing of a lower number of batches; and
- *Better customer service*: Shorter lead times enable us to get products to customers more quickly.

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

Raw Materials, Inputs and Suppliers

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

Research and Development

Our API development centers in India have more than 150 scientists, focusing on the development of non-infringing processes for markets including the United States, Europe, Japan and Canada. These scientists focus exclusively on the R&D of new APIs in order to develop non-infringing processes facilitating the first-to-file advantage in ANDAs and dossiers in regulated markets. For example, we have developed difficult to synthesize complex molecules such as Aliskiren, Ticagrelor, Rosuvastatin, Lurasidone and Dabigatran. We also have an in-house R&D center at our Nanjangud Facility, including a kilo lab and pilot plant, which are used to develop processes for the production of APIs from laboratory test amounts to larger commercial quantities.

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

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

Sales

As at December 31, 2018, we supplied our products and services to customers in over 80 countries. North America, where a majority of our customers are based, accounted for 80.1% and 82.0% of our total revenue from operations for the financial year ended March 31, 2018 and the nine months ended December 31, 2018, respectively. Our other customers based in Europe, Asia and the rest of the world accounted for 19.9% and 18.0% of our total revenue from operations for the financial year ended March 31, 2018 and the nine months ended December 31, 2018, respectively.

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

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

	Financial Year Ended March 31				Nine Months Ended December 31			
	2017		2018		2017		2018	
	(US$ thousands)	(%)	(US$ thousands)	(%)	(US$ thousands)	(%)	(US$ thousands)	(%)
North America	325,091.8	70.6	495,649.5	80.1	340,782.5	79.9	461,301.2	82.0
Europe	80,225.3	17.4	57,794.6	9.3	42,632.7	10.0	49,882.1	8.9
Asia	31,977.3	6.9	39,502.5	6.4	28,000.4	6.6	31,518.9	5.6
Rest of the world	23,277.7	5.1	26,219.1	4.2	15,344.8	3.6	20,156.7	3.6
Revenue from operations (net)	**460,572.1**	**100.0**	**619,165.6**	**100.0**	**426,760.4**	**100.0**	**562,858.8**	**100.0**

Customers

For the financial years ended March 31, 2017 and 2018 and the nine months ended December 31, 2018, our top 10 customers (excluding GPOs but including customers purchasing goods and services through such GPOs) contributed approximately 39.6%, 33.8% and 31.1% of our total revenue. For the financial year ended March 31, 2018 and the nine months ended December 31, 2018, save for one customer, none of the top 10 customers of the Group contributed more than 5% of the total revenue.

We have agreements with GPOs that act as agents to negotiate vendor contracts on behalf of their members. Sales to members of our GPO relationships (based on member revenue) under various contracts across our businesses, collectively accounted for 13.1%, 26.8% and 35.7%, respectively, of our total revenue from operations for the financial years ended March 31, 2017 and 2018 and the nine months ended December 31, 2018.

Suppliers

For the financial years ended March 31, 2017 and 2018 and the nine months ended December 31, 2018, our top 10 suppliers accounted for approximately 28.9%, 39.7% and 47.2% of the total payments to suppliers, and save for one supplier for the financial year ended March 31, 2018 and two suppliers for the nine months ended December 31, 2018, none of our top 10 suppliers accounted for more than 5% of the total payments for such year and period, respectively.

Seasonality

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

Facilities and Offices

As at December 31, 2018, we had four North American manufacturing facilities comprising one manufacturing facility for solid dosage formulations located in Salisbury, United States, one sterile injectables manufacturing facility in Spokane, United States for the contract manufacturing of sterile injectables and allergy therapy products, one sterile manufacturing facility for radiopharmaceuticals, and one sterile injectables and non-sterile products manufacturing facility for CMO, both located at Kirkland, Montreal, Canada, and two manufacturing facilities located in India, in Nanjangud and Roorkee, for APIs and solid dosage formulations, respectively. All our facilities in the United States (at Spokane and Salisbury), Canada (at Kirkland, Montreal) and India (at Nanjangud and Roorkee), are registered as establishments with USFDA. Our Nanjangud Facility has obtained ISO9001:2015, ISO 14001:2015 and BS OHSAS 18001:2017 certifications. Our central R&D center is located in Noida, Uttar Pradesh, India. Our Nanjangud Facility has also been granted the good manufacturing practices certificate by the Drugs Controller & Licensing Authority, Karnataka, India. Such certificate is granted for manufacturing activities for tablets (non beta lactum) and capsules (non beta lactum).

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

Location	Primary Use/Products	Certifications (as at December 31, 2018)	Nature of Interest
Nanjangud, Karnataka, India	R&D center	—	Freehold
	Production facility for APIs (CNS, CVS and antibiotics)	ISO 9001:2015, ISO 14001:2015, BS OHSAS 18001:2017, USFDA, Health Canada, ANVISA Brazil, TGA Australia, PMDA Japan, EMA, KFDA Korea, ANSM France, COFEPRIS Mexico, WHO-cGMP	
Roorkee, Uttarakhand, India	Production facility for solid dosage formulations (oral solid dosage)	USFDA, Health Canada, TGA Australia, PMDA Japan, WHO-cGMP, SAHPRA, MCC South Africa, MOH (Belarus), MOH (UAE), FDA (Jordan), MCAZ (Zimbabwe), FDA (Tanzania), DRU (Botswana), GMP (DLCA, India), WHO (India), CDSCO[1], RP Darmstaaft Germany, FAMHP Belgium, FDA (Philippines), Ministry of Health (Yemen and Vietnam)	Freehold
Kirkland, Montreal, Canada.	Colony Land	—	Freehold
	Contract manufacturing of sterile injectables (lyophilized and sterile injectable ointments, creams and liquids)	USFDA, Health Canada, ANVISA Brazil	Freehold
	Production facility for radiopharmaceuticals (radioactive cold kits)	ISO 13485, USFDA, Health Canada	
	R&D center—radiopharmaceuticals	—	

Location	Primary Use/Products	Certifications (as at December 31, 2018)	Nature of Interest
Spokane, Washington, United States	Sterile injectables and allergy therapy products (lyophilized and sterile injectables)	USFDA	Freehold
	R&D center	—	
Salisbury, Maryland, United States	Production facility for solid dosage formulations (oral solid dosage)	USFDA	Freehold
Noida, Uttar Pradesh, India	R&D center—API	DSIR (India)	Leasehold under license from the Parent
	R&D center—Solid dosage formulations	—	Leasehold under license from the Parent
	R&D center clinical research	—	Leasehold
Yardley, Pennsylvania, United States	Corporate office	—	63 month leasehold
Orlando, Florida, United States	Corporate office	—	Leasehold expiring on January 31, 2019 with two three-year renewal options
Merelbeke, Belgium	Office	—	Small office leasehold
Singapore	Registered Office	—	Leasehold expiring on October 14, 2021

Note:

(1) No separate certification from CDSCO as such certification is valid through the WHO (India) certification.

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

Capacity and Utilization

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

		Installed Capacity[1]			Utilization rate[2][3](%)		
		As at March 31,		As at December 31,	For the years ended March 31		For the nine months ended December 31
Facilities	Units	2017	2018	2018	2017	2018	2018
Nanjangud Facility	Metric tonnes (MT)	874	874	874	83	82	79
Roorkee Facility	Doses (MM)	1,320	1,320	990	86	99	90
CMO Montreal Facility	Batches (Lyo)[4]	122	122	122	99	93	98
	Batches (SPD)[4]	265	265	265	51	42	51
	Batches (OCL)[4]	200	200	200	4	1	1
JDI Montreal Facility	Ci for I-131	70,000	70,000	70,000	7.1	6.3	6.3
	Units for RUBY-FILL®	700	700	700	6.6	13	17
Spokane Facility (CMO)	Batches	367	367	367	92	89	91
Spokane Facility (Allergy)	Vials	270,000	270,000	270,000	99	94	94
Salisbury Facility	Doses (MM)	2,200	2,200	2,200	65	72	59

Notes:

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

(2) Represents utilized capacity for the trailing twelve month period prior to the date indicated except in the case of the nine-month period ended December 31, 2018.

(3) Exclusive of down time.

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

Regulatory Inspections and Quality Control

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

In addition, manufacturers of pharmaceutical products are subject to reporting requirements. For example, we are required to report certain adverse reactions, stability failures, market complaints or manufacturing problems impacting the quality of the distributed products to the USFDA within three business days. We also provide updated efficacy information and comply with requirements concerning advertising and promotional labeling requirements. From time to time, we may determine that products we manufacture or market do not meet approved specifications, regulatory requirements or published standards. When we or a regulatory agency identify a quality or regulatory issue, we are required to investigate and take appropriate corrective action, which may include recalling the product, correcting the product at the customer location, revising product labeling and notifying customers. As a precautionary measure, we have conducted voluntary recalls and market withdrawals of products manufactured by the Group in the United States, Canada and the rest of the world. For example, in 2017, we voluntary recalled 744 bottles of meclizine hydrochloride tablets. The bottles manufactured were part of the process validation batch for process change requiring a 30-day waiting period for USFDA approval, and

such bottles were inadvertently released prior to final approval from the USFDA. In May 2018, we voluntarily recalled two lots of Valsartan due to the potential inclusion of a coarser grade of excipient during the manufacturing process. The USFDA designated these voluntary recalls as Class III recalls and efforts relating to the latter two of these Class III recalls remain ongoing. Further to the recall in May 2018, in August 2018, we voluntarily recalled 10 additional lots of Valsartan which were prepared using excipient from the same shipment as the two lots of Valsartan recalled in May 2018. In August 2018, we completed an internal investigation for one lot of Methylprednisolone tablets for failing a stability test at 18 months and initiated a voluntary product recall. The USFDA designated these voluntary recalls as Class III and efforts relating to these voluntary recalls remain ongoing. In October 2018, we voluntarily recalled 13 batches of Pantoprazole due to discolored tablets, which has been designated by the USFDA as a Class II recall and efforts relating to this Class II recall remain ongoing. In addition, some recalls may involve markets outside of the United States. For example, in 2016, we completed a voluntary Type I product recall of two lots of DRAXIMAGE® MDP-25 kits for preparation of Tc99m Medronate Injection distributed to Canada because a glass particle was found in one of the vials distributed to Canada. Most recently, in August 2018, we voluntarily recalled certain batches of Esomeprazole enteric coated tablets in 20mg and 40mg dosage form, Levofloxacin 500mg film coated tablets, Oxcarbazepine 300mg tablets and Valsartan capsules in 80mg and 160mg dosage form distributed to Europe due to the potential use of a coarser grade of excipient during the manufacturing process. See "*Risk Factors—Risks Relating to Our Business—As the manufacture of our products is technically complex and highly regulated, product recalls, regulatory inspection failures or shortcomings at our manufacturing facilities or other problems may reduce sales, adversely affect our business, financial condition and results of operations and delay the launch of new products, and in some cases may lead to closures of our facilities*".

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

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

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

Facility and Spokane Facility Warning Letters due to the disruption to our production from the shutdown of the CMO section of the Spokane Facility and our reputation amongst customers was negatively affected. See "*Risk Factors—Risks Relating to Our Business—As the manufacture of our products is technically complex and highly regulated, product recalls, regulatory inspection failures or shortcomings at our manufacturing facilities or other problems may reduce sales, adversely affect our business, financial condition and results of operations and delay the launch of new products, and in some cases may lead to closures of our facilities*".

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

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

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

Research and Development

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

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

We have R&D centers located in North America and India and, as at December 31, 2018, we employed a team of over 400 R&D professionals with expertise in the development of non-infringing processes for APIs and solid dosage formulations, as well as specialized and/or niche formulations and design for radiopharmaceuticals and other products, which have been taken to commercialization. As at December 31, 2018, we have filed 111 ANDAs, of which 37 ANDAs are pending approval in the United States.

During the financial years ended March 31, 2017 and 2018 and the nine months ended December 31, 2017 and 2018, we incurred US$38.8 million, US$33.5 million, US$23.3 million and US$25.5 million, respectively, on R&D, representing 8.4%, 5.4%, 5.5% and 4.5%, respectively, of our total revenue from operations in those periods.

Intellectual Property Rights

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

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

The protection that a patent provides varies from country to country, depending on the type of claim granted, the scope of the claim's coverage and the legal remedies available for enforcement.

As at December 31, 2018, we have been granted patents for intellectual property in various countries for innovations, including 19 active patents granted relating to APIs in a number of different countries, five active patents granted relating to solid dosage formulations in a number of different countries, 123 active patents granted relating to radiopharmaceutical products in a number of different countries and one active patent granted relating to allergy therapy products in the United States. Five patents for APIs and one patent for solid dosage formulations are registered in India and held in the name of JGL.

We have trademarks in the United States, India, Canada, Europe and other jurisdictions worldwide. As at December 31, 2018, we held 94 registered trademarks across these jurisdictions, of which 32 registered trademarks in India are held by JGL, and two trademarks are held by JLL, which have been duly assigned to JGL and applications have been made to the Indian regulatory authorities for change in ownership. We use the corporate name and trademark "Jubilant" which is held by Jubilant Enpro Private Limited ("**JEPL**"), an entity owned by the Promoters. JEPL has registered the "Jubilant" trademark and logo, either individually or jointly, in a number of jurisdictions, including India.

Competition

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

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

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

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

locations and expertise in semi-solid manufacturing and active relationships with global pharmaceutical companies allow us to compete effectively against our competitors.

Environmental Matters

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

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

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

In Canada, we have also implemented waste management initiatives for all of our facilities. We have secured all necessary consents and authorizations under the relevant Canadian environmental regulations and we believe we are in compliance with all applicable Canadian environmental regulations in all material respects. We have not received any previous citation of violation during environmental inspections conducted either by the Canadian authorities or by our customers. As at December 31, 2018, both our CMO Montreal Facility and JDI Montreal Facility held valid permits for wastewater, air and storm water as required under local regulation.

In our Indian facilities, we have undertaken significant efforts to reduce and manage effluents by investments in incinerators in certain facilities and waste treatment facilities and improvements in production processes to reduce the quantity of effluents or increase recycling of materials, and upgrading of waste storage facilities. Our Indian manufacturing facilities have achieved zero discharge norms, meaning that the plants do not discharge any effluent outside of their premises, and the effluent that is discharged on the premises is treated and recycled within the premises. Our Nanjangud Facility and Roorkee Facility comply with IFC EHS guidelines in addition to local regulatory requirements. Both our Nanjangud Facility and Roorkee Facility hold valid consents under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981.

Occupational Health and Safety

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

We strictly follow safety norms at our manufacturing locations, including institution of safety permit systems and standard operating procedures. Our target is to achieve a zero incident record at all of our facilities. During the financial year ended March 31, 2018 and the nine months ended December 31, 2018 there were no reportable lost time incidents at our Nanjangud Facility and Roorkee Facility. At our North American facilities there were a total of 13 and 19 lost time incidents during the financial years ended March 31, 2017 and 2018, respectively, and 10 lost time incidents during the nine months ended December 31, 2018. We have undertaken precautionary safety measures following such incidents or accidents in the past. As at December 31 2018, we did not have any contingent liabilities relating to such incidents, however future occurrences of such incidents may subject us to liabilities.

Sustainability

In line with the Parent's continued focus on the sustainability of its business, we aim to improve stakeholder value through improved eco efficient use of capital and natural resources. The Company's approach to

sustainable development focuses on economics, the environment and social performance. We are committed to working towards energy conservation and climate change mitigation.

Employees and Employee Benefits

As at March 31, 2017 and 2018 and December 31, 2018, we had approximately 3,443, 4,320 and 4,385 full time employees, including our management team, respectively.

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

	Approximate headcount by region[1]		
	As at March 31		As at December 31
Region	2017	2018	2018
North America	1,367	2,178	2,231
Europe[2]	9	7	5
Asia[3]	2,067	2,135	2,149
Total	**3,443**	**4,320**	**4,385**

Notes:

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

(2) Comprises our employees in Belgium and Germany.

(3) Comprises our employees in China and India.

	Approximate headcount by function[1]		
	As at March 31		As at December 31
Function	2017	2018	2018
Accounts / Finance	83	97	97
Administration	8	11	11
Business Excellence & Six Sigma	13	14	14
CEO Office	6	4	5
EHS / Sustainability	20	28	24
Human Resources	45	56	62
Info & Tech	40	50	53
Manufacturing	1,676	2,344	2,402
Medical & Scientific Affairs	1	9	15
Legal	4	9	9
Pharmacovigilance	8	8	6
Program / Business Management	19	24	36
Projects	21	29	31
Quality	654	703	752
R&D	422	468	409
Regulatory Affairs	66	65	65
Sales & Marketing	113	146	135
Security	11	12	11
Supply Chain	186	189	195
Technical Services	47	54	51
Total	**3,443**	**4,320**	**4,383**

Note:

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

As at December 31, 2018, some of our employees at our Nanjangud Facility, CMO Montreal Facility and JDI Montreal Facility, representing less than 10% of our employees, were members of unions, works committees, or otherwise had collective bargaining capability. We enjoy cordial relations with our employees and there have

been no instances of major strikes, lockouts or other disruptive labor disputes with the exception of a 10-day strike in July 2016 over wages during the renewal of JDI's union contract. The strike was resolved amicably through a voluntary mediation process. We have entered into a settlement agreement with our employees union at our Nanjangud Facility. There is no union of employees at our Roorkee Facility and we have not entered into any collective bargaining agreements with our employees at the Roorkee Facility.

JHS GP and Jubilant DraxImage Inc. have each entered into collective bargaining agreements. The JHS GP agreement expired in April 2018 and has been re-negotiated for a six-year term ending April 30, 2024. Jubilant DraxImage Inc.'s collective bargaining agreement is due to expire on March 31, 2019 and we expect it will continue to be in effect during the negotiation period.

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

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

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

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

Insurance

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

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

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

In the financial year ended March 31, 2018 and in the nine months ended December 31, 2018, we paid an aggregate of US$1.9 million (insurance income US$1.2 million) and US$1.7 million (insurance income US$0.8 million), respectively, in insurance premiums, net of recoveries / adjustment in CTC under all of our insurance policies. We believe that our insurance coverage is reasonably sufficient to cover all normal risks associated with our operations and is in accordance with industry standards.

Legal Proceedings

We and our subsidiaries are from time to time involved in legal or arbitration proceedings in the ordinary course of business. The material proceedings in which we and/or our subsidiaries are currently involved in are set out below. Except as set out below, we are not currently a party to any material legal or arbitration proceedings. Regardless of outcome, legal or arbitration proceedings can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

RUBY-FILL® Proceedings

New Jersey District Court

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

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

Bracco is the holder of NDA No. 19414 for CardioGen-82, a rubidium-82 generator with a closed system used to produce rubidium Rb-82 chloride injections for intravenous administration. Rubidium Rb-82 chloride injections are indicated by the USFDA for PET imaging of the myocardium under rest or pharmacologic stress conditions to evaluate regional myocardial perfusion in adult patients with suspected or existing coronary disease.

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

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

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

United States International Trade Commission

On April 3, 2018, the USITC issued a Notice of Receipt of Complaint stating that it had received a complaint pursuant to § 210.8(b) of the USITC's Rules of Practice and Procedure filed on behalf of Bracco on March 27,

2018 (the "**Bracco USITC Complaint**"). In its notice, the USITC also solicited comments on any public interest issues raised by Bracco's filing pursuant to the USITC's Rules of Practice and Procedure.

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

The Bracco USITC Complaint alleges violations of section 337 of the Tariff Act (19 U.S.C. §1337) in the importation into the United States, the sale for importation, and the sale within the United States after importation of JDI's RUBY-FILL® systems and components thereof including generators, based on alleged infringement of United States Patent Nos. 9,814,826, 9,750,869, and 9,750,870. Bracco requested the USITC issue a limited exclusion order and cease and desist orders. The USITC has identified us, the Parent and JDI as respondents in this investigation. The three Bracco patents asserted in the Bracco USITC Complaint are also asserted in the New Jersey District Court matter.

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

The USITC referred the investigation to the ALJ to conduct an evidentiary hearing. The evidentiary hearing had been scheduled for January 11, 2019, but was postponed due to the partial U.S. government shutdown. A new schedule for the remaining proceedings has not been entered, but the ALJ has indicated the hearing is likely to occur in April 2019. We have carefully reviewed the allegations made by Bracco and are vigorously defending our legal positions. On May 31, 2018, the Jubilant Defendants filed their response to the Bracco USITC Complaint, denying any unlawful activities and noting that the remedial orders that Bracco requests, if issued, would harm public welfare and health, competitive conditions, consumers, and manufacturing in the United States. Additionally, the Jubilant Defendants are implementing changes to the RUBY-FILL® products to design around the three asserted patents. These design changes have been introduced into the USITC proceeding. On February 8, 2019, the ALJ entered an order that the currently approved RUBY system infringes the three patents, but that the new redesigned RUBY systems do not infringe any of the three patents. The ALJ's order concerning these issues is subject to review by the full Commission of the USITC. The ALJ has not yet ruled on our other defenses in the action, which will be presented at the upcoming evidentiary hearing. The final USITC decision is expected in or around November 2019. We cannot predict the outcome of the investigation and may be faced with exclusionary remedies against us (which could result in the suspension and/or cessation of our manufacture and sale of RUBY-FILL® in the U.S.) if the USITC determines we are in violation of section 337 of the Tariff Act. If we suspend or cease the manufacture and sale of RUBY-FILL®, we could lessen or lose the potential growth that RUBY-FILL® is expected to bring to our business. See "*Risk Factors—Risks Relating to Our Business—If we are unable to defend ourselves in challenges related to intellectual property rights, we could be subject to injunctions preventing us from selling our products, resulting in a decrease in revenues, or we could be subject to substantial liabilities that would lower our profits and adversely affect our financial condition*".

On August 22, 2018, JDI filed three petitions at the USPTO challenging the validity of certain claims of U.S. Patent Nos. 9,299,467 and 9,299,468, which are asserted against the Jubilant Defendants in the Bracco New Jersey District Court complaint but are not asserted in the Bracco USITC complaint (Nos. IPR2018-01448, -1449, -1450). The petitions request the USPTO to conduct IPRs of the two patents and to cancel all claims asserted in the New Jersey District Court action as invalid over prior art. On November 29 and 30, 2018, Bracco filed its preliminary responses to JDI's petitions, arguing that the USPTO should deny institution of the IPR proceedings. On February 8, 2019, the USPTO issued its decisions instituting all three IPRs. Under the current schedule, Bracco's response is due May 8, 2019, JDI's reply is due August 8, 2019, the oral hearing is scheduled for November 6, 2019, and a final decision is expected in February 2020.

USFTC Investigation

In May 2017, JPL and one of our subsidiaries were notified that the USFTC had begun a non-public investigation into certain competition law matters relating to our sales and distribution practices in our radiopharmaceuticals business and our then-pending acquisition of substantially all of the assets of Triad consisting of its radiopharmacy business in the United States. In February 2018, our Company and Triad received two CIDs from

the USFTC requesting certain information about our business and operations. The investigation is ongoing and we have produced documents and information in response to the CIDs, further to which we have not received further responses from the USFTC. To date, the USFTC has not alleged any wrongdoing by JPL or any of our subsidiary companies; however, no assurance can be given as to the timing or outcome of the investigation. If this investigation were to result in further inquiries or enforcement proceedings, we may incur substantial costs, be exposed to unanticipated civil liabilities and be subject to changes to our sales and distribution practices, in each case in a manner that may be materially adverse to our business. Moreover, the investigation and its outcome could expose us to negative publicity, which could materially and adversely affect our brands, reputation and customer preference for our product. See "*Risk Factors—Risks Relating to Our Business—We are subject to certain competition and antitrust laws throughout the world, including federal and state antitrust laws in the United States*".

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

In addition to the above, our controlling shareholders, JLL and the Promoters, are involved in proceedings initiated by SEBI, the Indian securities regulator.

Adjudication Order

Pursuant to an adjudication order dated January 31, 2018, (the "**Adjudication Order**"), our controlling shareholder, JLL, Jubilant Stock Holding Private Limited ("**JSHPL**"), the Promoters, and a former employee of JLL who is now employed by our Group (the "**Employee**") were each fined INR1,000,000 by SEBI. The Adjudication Order stated that JLL had violated the applicable Indian regulations with respect to corporate disclosure requirements by making delayed disclosures to the Indian stock exchanges on (a) receipt of Warning Letters from the USFDA in 2013 by a subsidiary entity and a subsidiary of JLL, namely, JHS GP and JHS, respectively in respect of the Montreal Facility and the Spokane Facility; (b) receipt of an inspection report in 2014 from the USFDA by JHS GP classifying the Montreal Facility as 'acceptable'; and (c) announcement of a levy of provisional duties against JLL in 2013 by the Ministry of Commerce, China. JSHPL (of which the Promoters were both directors) and the Promoters were fined for purchasing equity shares of JLL while they were in possession of certain unpublished price sensitive information pertaining to the sale of a hospital business of one of JLL's subsidiaries. The Employee was fined for selling and purchasing equity shares of JLL while in possession of unpublished price sensitive information with respect to the receipt of one of the USFDA Warning Letters and the inspection report referred to above. JLL, JSHPL, the Promoters and the Employee have filed an appeal against the Adjudication Order on April 24, 2018 before the Securities Appellate Tribunal, Mumbai, India. As at the date of this Offering Memorandum, the matter is pending before the SAT. We have adopted a code for the prevention of insider trading and a policy to ensure prompt reporting is made internally. See "*Risk Factors—Risks Relating to Our Business—We, our directors and controlling shareholders are and may from time to time be involved in legal proceedings from time to time*".

Board of Directors

The board of directors of the Company (the "**Board**") is responsible for the management and administration of the Company's affairs. Generally, subject to the provisions of the Companies Act, Singapore, the Board is entitled to exercise all such powers, and to perform all such acts and things, as the Company is authorized to exercise and perform. However, the Board does not exercise any power or perform any such act or thing which is directed or required, whether by the Companies Act or any other Act in force or by the Company's constitutional documents or otherwise, to be done by the Company's shareholders only in their General Meeting. Further, from time to time, the Board constitutes committees of directors and vests them with specific powers to carry out the Board's functions. Pursuant to the Company's constitutional documents, the directors are not required to hold any shares in the Company unless otherwise determined by a general meeting of the Company's shareholders. The Board currently consists of eight directors out of which four are independent non-executive directors.

Jubilant Life Sciences Limited, the Parent, holds 100% of the Company's issued equity shares as at December 31, 2018 (100% of the voting rights).

As at the date of this Offering Memorandum, the Board consists of the following members who were appointed on the dates indicated below:

Name	Age	Position	Date Appointed
Mr. Shyam S. Bhartia	66	Chairman and Managing Director	May 19, 2005*
Mr. Hari S. Bhartia	62	Co-chairman and Non-Executive Director	March 23, 2014
Mr. Rajagopal Sankaraiah	59	Non-Executive and Non-Independent Director	October 10, 2014
Mr. Pramod Yadav	55	Director and CEO	April 1, 2018
The Honorable Suresh Kumar	64	Lead Independent Director	October 9, 2014
Mrs. Fang Ai Lian	69	Independent Director	January 15, 2018
Mr. Arun Kumar Duggal	72	Independent Director	July 23, 2018
Mr. Tarun Kataria	60	Independent Director	September 12, 2018

* Mr. Shyam S. Bhartia was appointed as a member of the Board on May 19, 2005 and as Chairman and Managing Director with effect from March 18, 2015.

Experience and Expertise of our Board of Directors

Certain information on the business and working experience of our Directors is set out below:

Mr. Shyam S. Bhartia, Chairman and Managing Director

Mr. Shyam S. Bhartia, 66 years, is the Chairman and Managing Director of the Company. Together with his brother, Mr. Hari S. Bhartia, he founded Jubilant Bhartia Group headquartered in Noida, National Capital Region of Delhi, India. The diversified Jubilant Bhartia Group has three companies, JLL, Jubilant FoodWorks Limited and Jubilant Industries Limited, listed on Indian stock exchanges. Mr. Shyam S. Bhartia is the Chairman of JLL and Jubilant FoodWorks Limited. He is a qualified cost and works accountant and a fellow member of the Institute of Cost and Works Accountants of India (ICWAI), which is now known as the Institute of Cost Accountants of India (ICAI).

He has over 39 years of experience in the pharmaceuticals and specialty chemicals, food, oil and gas and aerospace sectors. He has been associated with several institutions and has served as a member of the Executive Committee of Federation of Indian Chambers of Commerce & Industry ("**FICCI**"), the National Council of the Confederation of Indian Industry ("**CII**") and the Task Force on Chemicals appointed by the Government of India. He is a regular participant at the World Economic Forum Annual Meeting in Davos-Klosters and a member of the Chemistry and Advanced Materials Governors of the World Economic Forum.

Mr. Shyam S. Bhartia serves on the board of directors of several public, private and foreign companies such as Chambal Fertilizers and Chemicals Limited, India, CFCL Ventures Limited, USA and Safe Foods Corporation, USA. He was also on the board of directors of Air India.

Mr. Hari S. Bhartia, Co-Chairman and Non-Executive Director

Mr. Hari S. Bhartia, 62 years, is the Co-Chairman and a Non-Executive Director of the Company. Together with his brother, Mr. Shyam S. Bhartia, he founded Jubilant Bhartia Group headquartered in Noida, National Capital

Region of Delhi, India. The diversified Jubilant Bhartia Group has three companies, JLL, Jubilant FoodWorks Limited and Jubilant Industries Limited, listed on Indian stock exchanges. Mr. Hari S. Bhartia is the Co-Chairman and Managing Director of JLL and Co-Chairman of Jubilant FoodWorks Limited. He holds a bachelor's degree in chemical engineering from the Indian Institute of Technology ("**IIT**"), Delhi, is a former President of the CII (2010-2011) and a member of several educational, scientific and technological programs of the Government of India.

He has over 33 years of experience in the pharmaceuticals and specialty chemicals, food, oil and gas and aerospace sectors. He is a former Chairman of the Board of Governors of the Indian Institute of Management ("**IIM**"), Raipur and Chairman of the Board of Governors of the IIT, Kanpur. He currently chairs the Board of Governors of IIM, Visakhapatnam. He is a member of several CEO Forums, including the India-U.S. CEO Forum, the India-Singapore CEO Forum and the Indo-French CEO Forum. He was also the Co-Chair of the Davos Annual Meeting of the World Economic Forum in 2015.

Mr. Rajagopal Sankaraiah, Non-Executive Director

Mr. Rajagopal Sankaraiah, 59 years, holds a bachelor's degree in science and is a fellow member of the Institute of Chartered Accountants of India (ICAI). He is the Executive Director-Finance of Jubilant Life Sciences Limited and Group Finance Director of Jubilant Bhartia Group. He has over 30 years of experience in areas including mergers and acquisitions, financial planning and restructuring, financial reporting standards such as IFRS, U.S. Generally Accepted Accounting Principles (USGAAP) and Indian Accounting Standards (IndAS), tax planning, litigation and secretarial matters, and he speaks at conferences on some of these topics.

He has contributed to several national and international statutory or professional bodies including as a member of the National Committee on Financial Reporting of the CII, the National Council on Regulatory Affairs of the CII, the SEBI Committee on Disclosures and Accounting Standards (SCODA) and the Direct Taxes Committee of the PHD Chamber of Commerce.

He was a special invitee of the National Advisory Committee on Accounting Standards (NACAS). He has also been a Government Nominee on the Central Council of the Institute of Company Secretaries of India and member of the IFRS Advisory Council of International Accounting Standard Board in London.

He has co-authored books covering subjects such as the Revised Schedule VI of India's Companies Act, 1956, XBRL, Cost Accounting Standards and the Manual of Financial Accounting and Reporting (Indian GAAP, IndAS and IFRS).

Mr. Pramod Yadav, Director and Chief Executive Officer

Mr. Pramod Yadav, 55 years, is the Chief Executive Officer and a Director of the Company. He holds a bachelor's degree from the Institute of Chemical Technology, University of Mumbai, formerly known as department of Chemical Technology, University of Bombay and a Masters in Marketing Management from Jamnalal Bajaj Institute of Management Studies, University of Mumbai, formerly known as University of Bombay.

He has over 30 years of industry experience. He was the Executive Committee Member of Indian Chemical Council (ICC), a member of National Chemicals Committee for Federation of Indian Chambers of Commerce & Industry (FICCI) and a member of National Committee on Chemicals for Confederation of Indian Industry (CII). He has been with our Group and/or the Parent for about 23 years. He previously worked for Garware Paints Ltd., Shalimar Paints Ltd. and Bhansali Engineering Polymers Ltd.

The Honorable Suresh Kumar, Lead Independent Non-Executive Director

The Honorable Suresh Kumar, 64 years, is the Lead Independent Non-Executive Director of the Company. Between 2015 and 2016, he was a member of Sanofi's Executive Committee and Executive Vice President, External Affairs responsible for Sanofi's stakeholder engagement including interactions with governments and multilateral organizations, and initiatives that enhance patient access to Sanofi's medicines and vaccines.

Prior to joining Sanofi, the Honorable Suresh Kumar was, from 2013 to 2015, a Senior Partner at Oliver Wyman in the firm's Public Sector and Health & Life Sciences practices. Previously as U.S. Assistant Secretary of Commerce & Director General of the U.S. & Foreign Commercial Service (USFCS), from 2010 to 2012, he spearheaded exports and FDI initiatives in the Obama Administration. USFCS facilitated exports and its return on investment (ROI) doubled under the Honorable Suresh Kumar's leadership. He convened and moderated the Ebola Expert Panel at Davos 2015 that galvanized multilateral support for an aligned way forward to combat the disease. The Honorable Suresh Kumar has a bachelor of arts (honors) in economics from Delhi University, a Masters of Management Studies from Bombay University, and is a Board Leadership Fellow of the National Association of Corporate Directors.

Mrs. Fang Ai Lian, Independent Non-Executive Director

Mrs. Fang Ai Lian, 69 years, is an Independent Non-Executive Director of the Company. She is a Fellow of the Institute of Chartered Accountants in England and Wales and a Fellow of the Institute of Singapore Chartered Accountants. She was with Ernst & Young for over 30 years and retired as Chairman of Ernst & Young, Singapore in 2008.

She is on the Board of Singapore Post Limited, Metro Holdings Ltd, Banyan Tree Holdings Limited and Cromwell EREIT Management Pte Ltd. and acts as adviser to Far East Organisation Group. Her past directorships include Great Eastern Holdings Limited, Oversea-Chinese Banking Corporation Limited, Singapore Telecommunications Limited and MediaCorp Pte. Ltd.

Mr. Arun Kumar Duggal, Independent Non-Executive Director

Mr. Arun Kumar Duggal, 72 years, is an Independent Non-Executive Director of the Company. He holds a bachelor's degree in Mechanical Engineering from the IIT, Delhi and a post-graduate Diploma in Business Administration from the IIM, Ahmedabad (IIM, Ahmedabad). He received a Distinguished Alumnus Award from IIM, Ahmedabad and is a visiting professor at IIM, Ahmedabad.

He had a long and distinguished career of 26 years with Bank of America, mostly in the United States, Hong Kong and Japan. He is an experienced international banker and has advised various companies, private equity firms and financial institutions on financial strategy, mergers and acquisitions and capital raising.

Mr. Arun Kumar Duggal is the Chairman of ICRA (a subsidiary of Moody's USA). He is also the Chairman of Mangalore Chemicals & Fertilizers Limited and International Asset Reconstruction Company Private Limited. He is on the board of directors of ITC Limited, Info Edge (India) Ltd (Chairman of Audit Committee), Dr. Lal Path Labs Ltd. (Chairman of Nomination & Remuneration Committee) and ReNew Power Limited (Chairman of Audit Committee and Stakeholders Relationship Committee).

He is the founder of the Women on Corporate Boards program in India under which women with high potential are mentored for board careers. He is also the founder of the newly established Centre of Excellence for Research on Clear Air (CERCA) at IIT, Delhi.

Mr. Tarun Kataria, Independent Non-Executive Director

Mr. Tarun Kataria, 60 years, is an Independent Non-Executive Director of the Company. He is a venture capital investor with a focus on consumer related businesses and technology companies. Mr. Kataria has an MBA from The Wharton School, University of Pennsylvania, U.S. and is also a Chartered Accountant from the Institute of Chartered Accountants of India. Mr. Kataria has over 25 years of experience in corporate finance, mergers and acquisitions, capital markets and IPOs in New York, Singapore, Hong Kong and India.

Mr. Kataria serves on the boards of several reputed companies including Mapletree Logistics Trust Management Limited (Trust Manager for Mapletree Logistics Trust), HSBC Bank (Singapore) Limited (Chairman of Audit Committee), Westlife Development Limited, Sterlite Investment Managers Limited (the Trust Manager for India Grid Trust) (Chairman of Audit Committee) and Poddar Housing and Development Limited.

Mr. Kataria was CEO of Religare Capital Markets, India from 2010 to 2013 and had a distinguished career with HSBC where he was Chief Executive of Global Banking & Markets, HSBC India from 2007 to 2010 and Asia Head of Institutional Sales, HSBC Global Markets, Hong Kong from 2003 to 2007. His charitable giving is directed towards the health and education of adolescent girls.

Responsibilities of the Board of Directors

The Board's role, functions, responsibilities and accountability are defined under the Companies Act and in the Company's constitutional documents. In addition to its primary role of monitoring corporate performance, the functions of the Board include:

- providing overall direction with respect to our corporate philosophy and mission;
- review of strategic and business plans;
- reviewing and approving financial plans and budgets;
- monitoring corporate performance in light of strategic and business plans, including reviewing our results of operations on a regular basis;
- ensuring ethical behavior and compliance with laws and regulations;
- borrowing within the limits approved by the Shareholders of the Company;

- approving capital raising exercises;
- dividend recommendation; and
- making of loans and investments, mergers and acquisitions, joint ventures and collaborations.

Committees of the Board of Directors

The Board has constituted the Audit Committee, the Remuneration Committee and the Nominating Committee.

Audit Committee

The Audit Committee comprises of the following members:

Name	Designation	Category of Director
Mrs. Fang Ai Lian	Chairperson	Independent Non-Executive Director
The Honorable Suresh Kumar	Member	Independent Non-Executive Director
Mr. Arun Kumar Duggal	Member	Independent Non-Executive Director
Mr. Rajagopal Sankaraiah	Member	Non-Executive Director
Mr. Tarun Kataria	Member	Independent Non-Executive Director

The Company Secretary of the Company shall act as the Secretary to the Audit Committee. The duties and responsibilities of our Audit Committee include:

(a) review the significant financial reporting issues and judgments so as to ensure integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;

(b) review and report to the Board, at least annually, the adequacy and effectiveness of the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems, including the identification of any material weaknesses and the steps taken to address them. Such review can be carried out internally or with the assistance of any competent third parties;

(c) review the assurance from the Chief Executive Officer and Chief Financial Officer of the Company that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances;

(d) review the performance and independence of the internal audit function, and approve the hiring, removal, termination, evaluation and remuneration/compensation of the head of the internal audit function or the auditing firm to which the internal audit function has been outsourced;

(e) review the adequacy, effectiveness, independence, scope and results of the external audit and the Group's internal audit function;

(f) monitoring and reviewing the implementation of the auditors' recommendation for any outstanding issues in the internal control weakness report;

(g) evaluate the performance of the external auditors, taking into consideration the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority of Singapore, make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors;

(h) meet with the Company's external auditors and the internal auditors, in each case, without the presence of Management, at least annually;

(i) review:

  (i) with the Company's external auditors and the internal auditors, the audit plans, their evaluation of the system of internal accounting controls and their audit report;

  (ii) the assistance given by the Company's officers to the external auditors and the internal auditors;

  (iii) the scope and results of the internal audit procedures; and

  (iv) the financial statements of the Company and the consolidated financial statements of the Group;

(j) review the independence and objectivity of the external auditors taking into consideration the requirements under the Accountants Act (Chapter 2 of Singapore), including but not limited to, the aggregate and respective fees paid for audit and non-audit services and the cooperation extended by Management to allow an effective audit;

(k) review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on, including the whistle-blowing policy;

(l) recommend measures to be taken by the Company to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements; and

(m) such other responsibilities as may be assigned by the Board from time to time or as may be required by statute and/or the Listing Manual of the SGX-ST (the "**Listing Manual**") and/or as recommended by the Code of Corporate Governance, and by such amendments made thereto from time to time.

Remuneration Committee

The Remuneration Committee comprises of the following members:

Name	Designation	Category of Director
Mr. Arun Kumar Duggal	Chairman	Independent Non-Executive Director
Mr. Hari S. Bhartia	Member	Co-chairman and Non-Executive Director
The Honorable Suresh Kumar	Member	Independent Non-Executive Director

The Company Secretary of the Company shall act as the Secretary to the Remuneration Committee. The duties and responsibilities of our Remuneration Committee include:

(a) Executive Remuneration Policy and Package

(i) review and recommend to the Board a framework of remuneration for the Board and the Chief Executive Officer and other persons having the authority and responsibility for planning, directing and controlling the activities of the Group (the "**key management personnel**");

(ii) review and recommend to the Board the specific remuneration packages for each Director as well as for each key management personnel and, in connection with the foregoing, consider all aspects of remuneration (including but not limited to Director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind), and termination terms, to ensure that they are fair;

(iii) where necessary, seek expert advice on remuneration matters from external remuneration consultants who are independent and objective; and

(iv) review the Company's obligations arising in the event of termination of the contracts of service of the executive Directors and key management personnel to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous with the aim to be fair and avoid rewarding poor performance;

(b) Equity Based Plans

(i) review and approve the design of all option plans, stock plans and/or other equity based plans;

(ii) for each equity based plan, determine whether awards will be made under that plan;

(iii) review whether the executive Directors and key management personnel should be eligible for benefits under long-term incentive schemes;

(iv) approve each award as well as the total proposed awards under each plan in accordance to the rules governing each plan, including awards to Directors and key management personnel;

(v) review, approve and keep under review performance hurdles and/or fulfilment of performance hurdles for each equity based plan; and

(c) Other Duties and Activities: fulfils such other responsibilities that it or the Board considers appropriate from time to time or as may be required by statute and/or the Listing Manual and/or as recommended by the Code of Corporate Governance, and by such amendments made thereto from time to time.

In discharging its duties and responsibilities as Remuneration Committee, the Remuneration Committee would be entitled to seek expert advice inside and/or outside the Company on remuneration of all Directors and other key management personnel.

Nominating Committee

The Nominating Committee comprises of the following members:

Name	Designation	Category of Director
The Honorable Suresh Kumar	Chairman	Independent Non-Executive Director
Mr. Shyam S. Bhartia	Member	Chairman and Managing Director
Mr. Arun Kumar Duggal	Member	Independent Non-Executive Director

The Company Secretary of the Company shall act as the Secretary to the Nominating Committee. The duties and responsibilities of our Nominating Committee include:

(a) reviewing the Board succession plans for Directors, in particular, the appointment and/or replacement of the Chairman of the Board, the Chief Executive Officer and any other persons having authority and responsibility for planning, directing and controlling the activities of the Company;

(b) developing a process for evaluation of performance of the Board, its board committees and the Directors, and proposing objective performance criteria;

(c) reviewing the Directors' mix of skills, experience, core competencies and knowledge of the Group that the Board requires to function competently and efficiently;

(d) ensuring new Directors are aware of their duties and obligations;

(e) reviewing training and professional development programs for the Board and its Directors;

(f) making recommendations to the Board on the appointment and re-appointment of Directors (including alternate directors, if applicable);

(g) determining annually and as and when the circumstances require, whether a Director is independent, bearing in mind the circumstances set forth in the Listing Manual, Code of Corporate Governance and other salient factors and providing its views to the Board for the Board's consideration;

(h) determining whether the Chairman and the Chief Executive Officer have close family ties with each other (i.e. a familial relationship between two parties which extends beyond immediate family members and could influence the impartiality of the Chairman) such that the Chairman should not be regarded as independent;

(i) determining whether the Director is able to and has been adequately carrying out the duties as a director of the Company, taking into consideration any relevant factors (including but not limited to the Director's number of directorships and other principal commitments) and where a Director holds a significant number of such directorships and commitments, providing its reasoned assessment of the Director's abilities to diligently discharge his or her duties and disclosing this assessment in the Company's annual report;

(j) carrying out the process implemented by the Board in accessing the effectiveness of the Board as a whole and its board committees as well as the contribution by the Chairman of the Board and each individual Director to the effectiveness of the Board; and

(k) such other responsibilities as may be assigned by the Board from time to time (including, where assigned by the Board, proposing guidelines on what a reasonable and maximum number of directorships and principal commitments for each Director (or type of Director) should be) or as may be required by statute and/or the Listing Manual and/or as recommended by the Code of Corporate Governance, and by such amendments made thereto from time to time.

Executive Officers

As at the date of this Offering Memorandum, our executive officers consist of the following members:

Name	Age	Position
Mr. Shyam S. Bhartia	66	Chairman and Managing Director
Mr. Pramod Yadav	55	Chief Executive Officer ("**CEO**")
Mr. Arun Kumar Sharma	53	Chief Financial Officer ("**CFO**")
Mr. Mitchell Guss	66	Vice President—Legal

Mr. Shyam S. Bhartia, Chairman and Managing Director

See biography in "*—Board of Directors*".

Mr. Pramod Yadav, CEO

See biography in "*—Board of Directors*".

Mr. Arun Kumar Sharma, Chief Financial Officer

Mr. Arun Kumar Sharma, 53 years, holds a bachelor's degree in science and is a member of the Institute of Chartered Accountants of India. He has over 25 years of experience in areas including strategic planning, acquisition finance, treasury/portfolio management, raising of short-term and long-term funds in India and international markets, working capital management and risks and financial controls.

Prior to joining the Company, Mr. Arun Kumar Sharma was with Escorts Limited for 11 years and his last position was the General Manager. From 2003 to 2014, he was with JLL, and the last position held was Senior Vice President—group finance of JLL. From 2014 to 2017, he was the Chief Financial Officer of the Company. Thereafter, he served as the Chief Financial Officer—Life Sciences Ingredient & Executive Vice President—corporate finance of JLL before joining the Company again as the Chief Financial Officer in July 2018.

Mr. Mitchell Guss, Vice President—Legal

Mr. Mitchell Guss, 66 years, is the Vice President—Legal of the Company. He joined the Company in December 2015 and is responsible for leading the team that handles the day to day legal issues associated with the Company's operations. Mr. Guss has over 30 years of legal experience with both law firms and major international corporations like Lonza and BASF. He is a member of the New York State Bar and also holds a Limited In House Corporate License in the State of Pennsylvania. He graduated with a bachelor of arts degree from the State University of New York at New Paltz and has a Juris Doctorate degree from the Benjamin Cardozo School of Law of Yeshiva University, located in New York City.

PRINCIPAL SHAREHOLDERS

Our Parent holds 326,758,994 equity shares of US$1 each in the Company, being 100% of the equity shares in the Company as at December 31, 2018.

Promoters and Promoter Group

Mr. Shyam S Bhartia and Mr. Hari S Bhartia are promoters (the "**Promoters**") of the Parent.

In the Parent, the "Promoter Group" comprises the Promoters, their immediate families and corporates controlled by them. The following table sets forth the shareholding of the Promoter Group as at December 31, 2018:

Name	Number of Shares	%
Mr. Shyam S. Bhartia	1,399,925	0.88
Mr. Hari S. Bhartia	360,885	0.23
Ms. Kavita Bhartia	10,285	0.01
Mr. Shamit Bhartia	129,245	0.08
Mr. Priyavrat Bhartia	3,085	0.00
Vam Holdings Limited	—	0.00
Jubilant Stock Holding Private Limited	21,871,992	13.73
Jaytee Private Limited	7,600	0.00
HSB Corporate Consultants Private Limited	18,698,979	11.74
SSB Consultants and Management Services Private Limited	21,007,665	13.19
Nikita Resources Private Limited.	3,504,540	2.20
Rance Investment Holdings Limited	2,400,000	1.51
Torino Overseas Limited	770,445	0.48
Cumin Investments Limited	2,400,000	1.51
MAV Management Advisors LLP	5,321,400	3.34
Jubilant Consumer Private Limited	2,831,000	1.78
Jubilant Advisors LLP	—	0.00
Miller Holdings Pte. Limited	10	0.00
Total	**80,717,056**	**50.68**

RELATED PARTY TRANSACTIONS

In the ordinary course of business, we enter into various types of transactions including sales, purchases, borrowings, recovery and reimbursement of expenses on a cost sharing basis, asset purchases, rent and service transactions etc. with our directors, holding company subsidiaries, fellow subsidiaries and associates and other entities in which we have a material interest. These transactions are pursuant to terms that are no less favorable than those arranged with third parties.

The Company and its subsidiaries are members of the Jubilant Life Sciences Limited group, which has a presence in diverse sectors including, pharmaceuticals, life science ingredients and drug discovery solutions.

We are a party to a number of agreements with related parties (as defined below), including our directors, holding company, subsidiaries, fellow subsidiaries and their other associates and other entities, and engage from time to time in transactions with them. We believe these agreements and transactions have generally been entered into on arm's-length terms or on terms that we believe have generally been at least as favorable to us as similar transactions with non-related parties would have been. We describe below the material transactions that we have entered into with the related parties referred above. Sales to, and purchases from, related companies were carried out on commercial terms and conditions and at market rates.

Related Party Transactions

Transactions with related parties are on an arm's length basis.

Our Related Parties

Our related parties include the following:

- companies that, through one or more intermediaries, control, or are controlled by, or are under common control with, the Company (including holding companies, subsidiaries, and fellow subsidiaries);
- associated companies;
- individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company, and close family members of such individuals, and companies under the control of such close family members; and
- companies in which a substantial interest in the voting power is owned, directly or indirectly, by any persons described above, or over which such person is able to exercise significant influence. These include companies owned by directors or major shareholders of the Company, and companies that have common members of key management with the Company.

Summary of Related Party Transactions

We enter into a number of transactions with other members of the Jubilant Life Sciences Limited group. The tables below shows our related party transactions for the periods and as at the dates indicated.

	For the financial year ended March 31		For the nine months ended December 31	
	2017	2018	2017	2018
	(US$ thousands)			
Purchases of goods and services	1,238.5	1,493.3	1,044.1	1,185.2
Sales of goods and services	114.7	33.2	33.2	—
Reimbursement of expenses	7,702.4	8,514.5	6,058.3	6,691.1
Recovery of expenses	493.4	1,144.2	754.9	452.7
Loans and borrowings taken	—	28,357.9	9,416.1	6,272.3
Loans and borrowings repaid	—	29,073.4	11,216.1	7,318.1
Loans given	48,464.1	2,602.1	2,602.1	981.4
Loans received back	—	2,602.1	2,602.1	981.4
Interest expense on loans and borrowings	—	91.7	34.2	5.6
Interest income on loans given	1,881.0	4,295.1	3,236.9	2,990.9
Donation	—	—	123.3	206.9
Sale of Merchandise Exports from India Scheme (MEIS) scrips	4,350.6	2,289.4	1,223.3	484.6
Group's contribution to provident fund trust	693.5	809.4	598.1	614.1
Rent expenses	—	967.5	723.1	567.8
Sale of assets	58.4	—	—	5.4
Dividend paid	—	—	—	8,169.0
Transactions with key managerial personnel	2,668.7	3,831.8	2,779.2	3,070.7

	As at March 31		As at December 31
	2017	2018	2018
	(US$ thousands)		
Due from related parties:			
Loans (including interest) receivable	50,441.3	50,193.6	47,765.9
Trade receivables	273.8	327.0	249.0
Advance recoverable	610.4	821.3	505.0
Due to related parties:			
Loans (including interest) payable	1,879.9	1,074.1	—
Trade payables	11,053.3	3,810.1	4,364.1

Further details of certain of our related party transactions for the financial years ended March 31, 2017 and 2018 and the nine months ended December 31, 2017 and 2018 are summarized below.

Purchases of Goods and Services

We purchase certain solvents and chemicals and services from the Parent which are used in our manufacturing process for APIs and solid dosage formulations. We purchased goods and services from the Parent in the amount of US$1.0 million and US$1.2 million during the financial years ended March 31, 2017 and 2018, respectively, and US$0.8 million and US$1.0 million during the nine months ended December 31, 2017 and 2018, respectively.

We also purchase goods and services from our fellow subsidiaries and other related parties. We purchased goods and services from our fellow subsidiaries in the amount of US$0.3 million and US$0.3 million during the financial years ended March 31, 2017 and 2018, respectively, and US$0.2 million and US$0.2 million during the nine months ended December 31, 2017 and 2018, respectively. These purchases primarily pertain to purchases from our subsidiaries.

All the above transactions are entered into at arm's length and the prices are determined based on market rate.

Sales of Goods and Services

Goods and services in the amount of US$0.1 million and US$0.03 million were sold to the Parent during the financials years ended March 31, 2017 and 2018, respectively, and goods and services in the amount of US$0.03 million and nil were sold during the nine months ended December 31, 2017 and 2018, respectively.

All the above transactions are entered into at arm's length and the prices are determined based on market rate.

Reimbursement of Expenses

We reimburse the Parent, our fellow subsidiaries and other related parties for expenses incurred on our behalf. The Parent provides services at a corporate level, which include management and consultancy services for financial structuring, supply chain, business excellence, human resources, legal, taxation, secretarial, public affairs and corporate communication, ERP Licenses and other common costs incurred at corporate level and costs are shared under a cost sharing agreement. In the financial years ended March 31, 2017 and 2018, reimbursement of expenses amounted to US$7.7 million and US$8.5 million, respectively, and US$6.1 million and US$6.7 million during the nine months ended December 31, 2017 and 2018, respectively. Reimbursement of expenses primarily pertain to the Parent. The expenses are reimbursed at cost.

Recovery of Expenses

We recover expenses from the Parent, our fellow subsidiaries and other related parties for the provision of office space, utilities services, support services, employee support service and others. In the financial years ended March 31, 2017 and 2018, recovery of expenses amounted to US$0.5 million and US$1.1 million, respectively, and US$0.8 million and US$0.5 million during the nine months ended December 31, 2017 and 2018, respectively. Our recovery of expenses relate primarily to the recovery of expenses from the Parent and our subsidiaries. The expenses recovered are based on cost.

Loans and borrowings taken and repaid

The Group has taken various loans from the Parent. Loans in the principal amount of nil, US$28.4 million were taken from the Parent during the financial years ended March 31, 2017 and 2018, respectively, and loans in the principal amount of US$9.4 million and US$6.3 million were taken from the Parent during the nine months ended December 31, 2017 and 2018, respectively. During the financial years ended March 31, 2017 and 2018,

loans in the principal amount of nil and US$27.3 million, respectively, were repaid to the Parent and loans in the principal amount of US$9.4 million and US$7.3 million, respectively, were repaid during the nine months ended December 31, 2017 and 2018.

The Group has also taken various loans from certain subsidiaries. No loans were taken from our fellow subsidiaries during the financial years ended March 31, 2017 and 2018 and the nine months ended December 31, 2017 and 2018. During the financial years ended March 31, 2017 and 2018, loans in the principal amount of nil and US$1.8 million, respectively, were repaid to our fellow subsidiaries and loans in the principal amount of US$1.8 million and nil, respectively, were repaid during the nine months ended December 31, 2017 and 2018.

Loans given and received back

The Group has given various loans to the Parent. Loans in the principal amount of US$48.5 million and US$0.9 million were given to the Parent during the financial years ended March 31, 2017 and 2018, respectively, and loans in the principal amount of US$0.9 million and US$1.0 million was given to the Parent during the nine months ended December 31, 2017 and 2018, respectively. During the financial years ended March 31, 2017 and 2018, loans in the principal amount of nil and US$0.9 million, respectively, were repaid to us and loans in the principal amount of US$0.9 million and US$1.0 million, respectively, were repaid to us during the nine months ended December 31, 2017 and 2018.

The Group has given various loans to certain fellow subsidiaries. Loans in the principal amount of nil and US$1.8 million were given to certain fellow subsidiaries during the financial years ended March 31, 2017 and 2018, respectively, and loans in the principal amount of US$1.8 million and nil were given to certain fellow subsidiaries during the nine months ended December 31, 2017 and 2018, respectively. During the financial years ended March 31, 2017 and 2018, loans in the principal amount of nil and US$1.8 million, respectively, were repaid to us and loans in the principal amount of US$1.8 million and nil, respectively, were repaid to us during the nine months ended December 31, 2017 and 2018.

Interest income on loans given

We received interest income of US$1.9 million and US$4.3 million on related party loans given during the financial years ended March 31, 2017 and 2018, respectively, and interest income of US$3.2 million and US$3.0 million during the nine months ended December 31, 2017 and 2018, respectively. Interest income received primarily pertain to the loans given to the Parent.

Sale of Merchandise Exports from India Scheme (MEIS) scripts

JGL may, from time to time, be awarded duty credit scrips under India's Merchandise Exports from India Scheme ("**MEIS**") as per the provisions of Foreign Trade Policy of India. Duty credit scrip is an export promotion incentive issued by the Indian government that allows the holder to pay customs duties on the import of commodities by debiting such value in the duty credit scrip itself, instead of paying customs duties in cash. In the event the holder of a MEIS scrip is unable to utilize the duty credit scrips within the validity period, the holder can sell them to other importers in the open market as duty credit scrips and the goods imported or domestically procured against them are freely transferable under the extant Foreign Trade Policy in India. As we do not have sufficient imports of goods into India, we are unable to utilize the duty credit scrips and would monetize them by selling them in the open market. The Parent had, from time to time, purchased these duty credit scrips from us at market rate.

In the financial years ended March 31, 2017 and 2018, our sale of MEIS scripts to the Parent amounted to US$4.4 million and US$2.3 million, respectively, and US$1.2 million and US$0.5 million during the nine months ended December 31, 2017 and 2018, respectively.

Group's contribution to provident fund trust

We fund a provident fund for employees' retirement. In the financial years ended March 31, 2017 and 2018, our contribution to the provident fund trust amounted to US$0.7 million and US$0.8 million, respectively, and US$0.6 million and US$0.6 million during the nine months ended December 31, 2017 and 2018, respectively.

Rent expenses

We rent office space from various related parties. In the financial years ended March 31, 2017 and 2018, our rent expenses amounted to nil and US$1.0 million, respectively, and US$0.7 million and US$0.6 million during the nine months ended December 31, 2017 and 2018, respectively. Rent expenses primarily pertain to the Parent. Rent expenses are paid at market rate.

Transactions with key managerial personnel

Transactions with key managerial personnel comprise short term employee benefits, payment relating to defined contribution plans, sitting fees and directors' fees. In the financial years ended March 31, 2017 and 2018, our transactions with key managerial personnel amounted to US$2.7 million and US$3.8 million, respectively, and US$2.8 million and US$3.1 million during the nine months ended December 31, 2017 and 2018, respectively. Transactions with key managerial personnel primarily pertain to short term employee benefits.

Trade Payables and Receivable

As a result of various related party transactions, we had trade payables of US$11.1 million, US$3.8 million and US$4.4 million as at March 31, 2017 and 2018 and as at December 31, 2018, respectively. We had trade receivables of US$0.3 million, US$0.3 million and US$0.2 million as at March 31 2017 and 2018 and as at December 31, 2018, respectively.

Loans (including interest) Payable

As at March 31, 2017 and 2018 and as at December 31, 2018, we had loans (including interest) payable to the Parent in the principal amount of nil, US$1.1 million and nil million, respectively. As at March 31, 2017, we had a loan payable in the amount of US$1.9 million to Jubilant Innovation (USA) Inc. The loan was repaid fully in three tranches, with the third and final payment in September 2017.

DESCRIPTION OF MATERIAL INDEBTEDNESS

Our principal sources of external financing include short-term as well as long-term facilities (in U.S. dollars and Indian rupees). As at December 31, 2018, our loans outstanding (comprising of short-term borrowings, long-term borrowings and current maturities of long-term borrowings) (without netting of debt initiation costs) was US$413.0 million, 97.9% of our total loans, as at December 31, 2018, were denominated in U.S. dollars.

As at December 31, 2018, 0.6% of our total loans represent long-term borrowings on secured basis. Our long-term borrowings also include rupee borrowings of INR10.9 million (US$0.2 million).

Further, we also have arrangements with various banks and financial institutions to meet our short-term working capital requirements. As at December 31, 2018, 2.1% of our total loans represented short-term borrowings. Our short term borrowings also include rupee borrowings of INR613.6 million (US$8.8 million).

A summary of our borrowings and finance leases, which remained outstanding as at December 31, 2018 are listed below:

Outstanding Long-term Borrowings

Borrower	Lenders	Facility Description	Sanctioned Amount	Maturity	Interest Rate per annum	Outstanding Amount as at December 31, 2018	Financial Covenants	Restrictions on Use of Facility	Security
JHS	Bank of America, N.A.	U.S. dollar revolving term loan	US$35.0 million	January 1, 2019[(1)]	Floating rate	Nil, not utilized since March 2018	Senior Funded Debt to EBITDA of no greater than 3.75 to 1.00	Proceeds for use for general working capital needs	(i) Security interest in the receivable inventory, equipment and fixtures, deposit accounts and all general intangibles, including patents, trademarks, computer software (including any accessions, attachments, additions, substitutes or replacements thereof), books and records of JHS pertaining to the collateral more particularly described in the security interest agreement dated April 5, 2013. (ii) Amended Deed of trust dated April 5, 2013 encumbering the parcel or parcels of real property owned by JHS located in Spokane County, State of Washington, USA.

Borrower	Lenders	Facility Description	Sanctioned Amount	Maturity	Interest Rate per annum	Outstanding Amount as at December 31, 2018	Financial Covenants	Restrictions on Use of Facility	Security
The Company	International Finance Corporation	See *"—IFC C Loan*"	US$60.0 million	June 15, 2021	3% of the outstanding loan amount determined at the time of payment of any dividend by the Company on or before June 15, 2020	US$101.7 million[(2)]	Ratio of Financial Debt to EBITDA of less than or equal to 4.0; Prospective Debt Service Coverage Ratio of not less than 1.2; Interest Expense Coverage ratio of not less than 4.0	To partially finance through JGL, the transfer to and full consolidation in JGL of JLL's API and dosage businesses and related transaction costs	Unsecured
The Company	Noteholders	See *"—Existing Senior Notes*"	US$300.0 million	October 6, 2021	4.875%	US$300.0 million	Fixed Charge Coverage Ratio should not be less than 3.0 to 1.0; Consolidated Priority Indebtedness Leverage Ratio of no greater than 0.2 to 1.0 required for incurring additional indebtedness other than permitted indebtedness	To refinance existing indebtedness, prepay certain of JLL's indebtedness and general corporate purposes	Unsecured

Outstanding Short-term Loans / Borrowings

Borrower	Lenders	Facility Description	Sanctioned Amount (Fund based only)	Maturity[(3)]	Interest Rate per annum	Outstanding amount as at December 31, 2018	Financial Covenants	Restrictions on Use of Facilities	Security
JGL	Axis Bank Limited	INR working capital loan within consortium	INR450.0 million	Not applicable	Floating rate	INR210.4 million	Not applicable	To meet working capital requirements	First charge by way of hypothecation, ranking *pari-passu*, of the entire current assets, both present and future, of JGL wherever the same may be or be held.
JGL	ICICI Bank Limited (as the leader of the consortium)	INR working capital loan within consortium	INR400.0 million	Not applicable	Floating rate	INR107.5 million	Not applicable	To meet working capital requirements	First charge by way of hypothecation, ranking *pari-passu*, of the entire current assets, both present and future, of JGL wherever the same may be or be held.
JGL	Kotak Mahindra Bank Limited	INR working capital loan within consortium	INR250.0 million	Not applicable	Floating rate	INR0.01 million	Not applicable	To meet working capital requirements	First charge by way of hypothecation, ranking *pari-passu*, of the entire current assets, both present and future, of JGL wherever the same may be or be held.

Borrower	Lenders	Facility Description	Sanctioned Amount (Fund based only)	Maturity[2]	Interest Rate per annum	Outstanding amount as at December 31, 2018	Financial Covenants	Restrictions on Use of Facilities	Security
JGL	RBL Bank Limited	INR working capital loan within consortium	INR350.0 million	Not applicable	Floating rate	INR0.2 million	Not applicable	To meet working capital requirements	First charge by way of hypothecation, ranking *pari-passu*, of the entire current assets, both present and future, of JGL wherever the same may be or be held.
JGL	Yes Bank Limited	INR working capital loan within consortium	INR750.0 million	Not applicable	Floating rate	INR0.6 million	Not applicable	To meet working capital requirements	First charge by way of hypothecation, ranking *pari-passu*, of the entire current assets, both present and future, of JGL wherever the same may be or be held.
JGL	Bank of America, N.A., India Branch	Master Facilities Agreement for working capital outside consortium	INR600.0 million	Not applicable	Floating rate	INR294.9 million	Not applicable	To meet working capital requirements	Unsecured

Note:

(1) JHS is in the process of renewing this term loan.

(2) The outstanding amount of the IFC C Loan as at December 31, 2018 includes an accrued charge of US$45.3 million.

(3) There is no applicable maturity as these short-term loans/borrowings are in the nature of continuous line of credit, which JGL may utilize during the validity period of such approved facilities/limits, which get extended/renewed from time to time, based on discussions between the lender and JGL.

Outstanding Finance Leases

Borrower	Lenders	Facility Description	U.S. dollar Sanctioned Amount	Maturity	Interest Rate per annum	Outstanding amount as at December 31, 2018	Financial Covenants	Restrictions on Use of Facilities	Security
JDR	—	Finance Lease	—	Monthly instalments ending in 2022	4-5%	US$2.4 million	—	—	Hypothecation on respective assets
JGL	Magma Fincorp Limited	Finance Lease	—	Monthly instalments ending in 2023	12-13%	INR10.9 million	—	Lease of vehicles	—

IFC C Loan

During the financial year ended March 31, 2015, the Company obtained a term loan amounting to US$60 million from the IFC, due for repayment on June 15, 2020 (50%) and June 15, 2021 (50%) along with the repayment premium in accordance with the terms of the term loan agreement dated May 15, 2014 ("**IFC C Loan Agreement**"). Pursuant to the IFC C Loan Agreement, a repayment premium is applicable if on or prior to such repayment date there has been (a) neither a private equity investment ("**PE Investment**") nor a qualifying initial public offering ("**Qualifying IPO**") or (b) there has been a PE Investment but the IFC has not converted the entire loan into shares pursuant to its conversion option and there has been no Qualifying IPO. The term loan carries a differential return (in the form of a discount in the event of conversion and premium in the event of redemption) to the IFC under various scenarios as set out in the IFC C Loan Agreement based on the probabilities of occurrence of a PE Investment, Qualifying IPO, a strategic investment and a repayment. This term loan is unsecured.

Existing Senior Notes

On October 6, 2016, the Company issued the Existing Senior Notes (being 4.875% senior notes due 2021 in an original aggregate principal amount of US$300 million). The Existing Senior Notes are listed on the SGX-ST. The aggregate principal amount of the Existing Senior Notes outstanding is US$300 million as at the date of this

Offering Memorandum. The terms of the Existing Senior Notes limit the ability of the Group to incur indebtedness except for permitted indebtedness. For risks relating to the Existing Senior Notes, see "*Risk Factors—Risks Relating to our Business—We have incurred significant indebtedness, and we must service this debt and comply with our covenants to avoid refinancing risk*" and "*Risk Factors—Risks Relating to our Business—Our ability to plan for or to react to market conditions or meet our capital need may be limited by the terms of the Existing Senior Notes and the Notes*".

Interest

The Existing Senior Notes bear an interest rate of 4.875% per annum. Interest is payable semi-annually in arrears.

Covenants

Subject to certain conditions and exceptions, the Existing Senior Notes Indenture contains certain covenants, restricting us and each of the related restricted subsidiaries from, among other things:

- incurring additional indebtedness and issuing disqualified or preferred stock;
- declaring dividends on its capital stock or purchase or redeem capital stock;
- making investments or other specified restricted payments;
- issuing or selling capital stock of restricted subsidiaries;
- guaranteeing indebtedness of restricted subsidiaries;
- selling, leasing or transferring assets;
- creating liens;
- entering into sale and leaseback transactions;
- entering into agreements that restrict the restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- entering into transactions with stakeholders or affiliates; and
- effecting a consolidation or merger.

As at the date of this Offering Memorandum, all of the Company's subsidiaries are restricted subsidiaries.

Events of Default

The Existing Senior Notes Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on any of the Existing Senior Notes, when such payments become due, default in payment of interest, which continues for 30 days, defaults in the performance of or breaches of covenants which continues for a period of 30 consecutive days after written notice by the trustees or the holders of the Existing Senior Notes, insolvency, cross default and other events of default specified in the Indenture. If an event of default occurs and is continuing, the trustee under the Indenture or the holders of at least 25% in aggregate principal amount of the outstanding Existing Senior Notes may declare the principal of the Existing Senior Notes plus any accrued and unpaid interest and premium (if any) to be immediately due and payable.

Change of Control

Upon the occurrence of a certain events of change of control (which include, among other events, the occurrence of the following events: (a) where the Permitted Holders (as defined in the Existing Senior Notes Indenture) are collectively the beneficial owners of less than 26% of the total voting power of the voting stock (as defined in the Existing Senior Notes Indenture) of our Company and the Permitted Holders cease to possess, directly or indirectly, the power to direct or cause the direction of the management, the Board of Directors and/or the policies of our Company, whether through the ownership of voting stock, by contract or otherwise, or (b) any "person" or "group" other than the Permitted Holders is or becomes the "beneficial owner", directly or indirectly, of more of the total voting power of the voting stock of our Company than is beneficially owned by the Permitted Holders), the Company is obligated to make an offer to repurchase all outstanding Existing Senior Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest. In the event that the Company fails to make the change of control offer, it would amount to an event of default under the Indenture governing the Existing Senior Notes.

Maturity and Redemption

The maturity date of the Existing Senior Notes is October 6, 2021. Under the terms of the Existing Senior Notes Indenture, at any time prior to October 6, 2019, the Company may redeem the Existing Senior Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Existing Senior Notes, plus an applicable redemption premium (as defined in the Indenture) and any accrued and unpaid interest to the redemption date. Further, at any time prior to October 6, 2019, the Company may redeem up to 35% of the principal amount of Existing Senior Notes at a redemption price of 104.875% of the principal amount plus accrued and unpaid interest, with proceeds from an equity offering, provided such redemption occurs within 120 days after closing of such equity offering. Thereafter, during the 12 month period commencing on October 6 of the subsequent years, it may redeem all or part of the Existing Senior Notes at a redemption price (plus accrued and unpaid interest) of 102.43750% in 2019, 101.21875% in 2020 or at 100% in 2021 and thereafter.

In addition, subject to compliance with applicable law, pursuant to the terms of the Existing Senior Notes Indenture, the Company and its affiliates may, at their discretion at any time from time to time purchase the Existing Senior Notes in the open market or otherwise, provided such Existing Senior Notes are cancelled.

DESCRIPTION OF THE NOTES

You can find the definitions of certain terms used in this description under the subheading "**Definitions.**" In this description, the term "**Company**" refers only to Jubilant Pharma Limited and not to any of its Subsidiaries. The term "**Notes**" refers also to "book-entry interests" in the Notes, as defined herein.

The Company will issue the Notes under an indenture (the "**Indenture**") between the Company and The Bank of New York Mellon, London Branch, as trustee (the "**Trustee**"), in a transaction that is not subject to the registration requirements of the Securities Act. See "**Notice to Investors**." The terms of the Notes include those set forth in the Indenture. The Indenture will not be qualified under the U.S. Trust Indenture Act of 1939, as amended.

The following description is a summary of the material provisions of the Indenture and the Notes. It does not restate those agreements in their entirety. Certain defined terms used in this description but not defined below under the subheading "**Definitions**" have the meanings assigned to them in the Indenture. Copies of the Indenture will be available for inspection on or after the Original Issue Date at the corporate trust office of the Trustee.

The registered holder of a Note will be treated as the owner of such Note for all purposes. Only registered holders will have rights under the Indenture.

Brief Description of the Notes

The Notes will be general obligations of the Company and will:

- rank equally in right of payment with any existing and future Indebtedness of the Company that is not subordinated in right of payment to the Notes;
- rank senior in right of payment to any existing and future Indebtedness of the Company that is subordinated in right of payment to the Notes;
- be effectively subordinated in right of payment to any existing and future Indebtedness of the Company that is secured by liens, to the extent of the value of the assets securing such Indebtedness; and
- be effectively subordinated to all existing and future obligations of the Company's Subsidiaries.

The Company conducts its operations through its Subsidiaries and, therefore, the Company depends on the cash flow of its Subsidiaries to meet its obligations, including to service its obligations under the Notes. The Notes will be effectively subordinated in right of payment to all Indebtedness and other liabilities and commitments (including trade payables and lease obligations) of the Company's Subsidiaries. In the event of a bankruptcy, liquidation or reorganization of a Subsidiary, the applicable Subsidiary will pay the holders of its debt and its trade and other creditors (including specified statutory dues) before it will be able to distribute any of its remaining assets to us.

Although the Indenture will contain limitations on the amount of additional Indebtedness that the Company and its Restricted Subsidiaries may incur, the amount of such additional Indebtedness could be substantial. See *"Risk Factors—Risks Associated with Our Business—We have incurred significant indebtedness, and we must service this debt and comply with our covenants to avoid refinancing risk."*

Principal, Maturity and Interest

The Company will issue the Notes in the aggregate principal amount of US$200.0 million pursuant to the Indenture. Subject to the covenant described under "*—Certain Covenants—Limitation on Indebtedness*," the Company is permitted to issue additional Notes (the "**Additional Notes**") under the Indenture from time to time after the Original Issue Date. Any issuance of Additional Notes is subject to the covenants in the Indenture. The Notes and any Additional Notes that are issued will be treated as a single class for all purposes of the Indenture, including, without limitation, those with respect to waivers, amendments, redemptions and offers to purchase, except as otherwise provided for in the Indenture. Unless the context requires otherwise, references to the "Notes" for all purposes of the Indenture and this "Description of the Notes" include any Additional Notes that are actually issued.

The Notes will bear interest at 6.00% per annum from the Original Issue Date or from the most recent interest payment date to which interest has been paid or duly provided for, payable semi-annually in arrears on March 5 and September 5 of each year (each an "**Interest Payment Date**"), commencing on September 5, 2019. Interest on the Notes will be paid to Holders of record at the close of business on February 18 or August 21 immediately preceding an Interest Payment Date (each, a "**Record Date**"), notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the immediately following Interest Payment Date. So long

as the Notes are represented by the Global Note, each payment in respect of the Global Note will be made to the person shown as the holder of the Notes in the Notes register at the close of business, of the relevant clearing system, on the Clearing System Business Day before the due date for such payments, where "Clearing System Business Day" means a weekday (Monday to Friday, inclusive) except December 25 and January 1. In any case in which the date of the payment of principal of, premium on or interest on the Notes is not a Business Day in the relevant place of payment, then payment of principal, premium or interest need not be made in such place on such date but may be made on the next succeeding Business Day in such place. Any payment made on such Business Day shall have the same force and effect as if made on the date on which such payment is due, and no interest on the Notes shall accrue for the period after such date. Interest on the Notes will be calculated on the basis of a 360-day year comprised of twelve 30-day months. Interest on overdue principal and interest and Additional Amounts and premium, if any, will accrue at a rate that is 1% higher than the then applicable interest rate on the Notes. In no event will the rate of interest on the Notes be higher than the maximum rate permitted by applicable law.

All payments on the Notes will be made in U.S. dollars by the Company at the office or agency of the Company maintained for that purpose in the specified office of the Paying Agent currently located at One Canada Square, London E14 5AL, United Kingdom, and the Notes may be presented for registration of transfer or exchange at such office or agency; *provided* that, if the Notes are in certificated form and the Company acts as its own paying agent, at the option of the Company, payment of interest may be made by check mailed to the address of the Holders as such address appears in the Note register maintained by the Registrar or by wire transfer. Interest payable on the Notes held through Euroclear and Clearstream will be available to Euroclear and Clearstream participants on the Business Day following payment thereof.

The Notes will mature on March 5, 2024, unless redeemed earlier pursuant to the terms of the Notes and the Indenture.

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Company shall appoint and maintain a paying in agent in Singapore, where such Notes may be presented or surrendered for payment or redemption, in the event that the Global Certificate representing such Notes is exchanged for definitive certificates. In addition, an announcement of such exchange will be made by us or on our behalf through the SGX-ST. Such announcement will provide details of such exchange, including all material information with respect to the delivery of the definitive certificates or, as the case may be, certificates including details of the paying agent in Singapore.

Designation of Restricted and Unrestricted Subsidiaries

On the Original Issue Date, none of the Company's Subsidiaries will be Unrestricted Subsidiaries. Under the circumstances described below under "*—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries*," the Company will be permitted to designate certain of its future Subsidiaries as Unrestricted Subsidiaries. The Company's Unrestricted Subsidiaries will not be subject to the restrictive covenants in the Indenture.

Optional Redemption

At any time prior to March 5, 2022, upon not less than 30 nor more than 60 days' notice to the Holders and the Trustee, the Company may on any one or more occasions redeem all or part of the Notes at a redemption price equal to 100% of the principal amount thereof plus the Applicable Redemption Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to, the redemption date, subject to the rights of Holders on the relevant Record Date to receive interest due on the relevant Interest Payment Date. Neither the Trustee nor the Paying Agent shall be responsible for calculating or verifying the Applicable Redemption Amount.

At any time prior to March 5, 2022, upon not less than 30 days nor more than 60 days' notice to the Holders and the Trustee, the Company may also redeem up to 35% of the aggregate principal amount of Notes at a redemption price of 106.00% of their principal amount, plus accrued and unpaid interest and Additional Amounts, if any, to the redemption date, with the proceeds from one or more Equity Offerings of the Company. The Company may only do this, however, if:

(a) at least 65% of the aggregate principal amount of Notes that were initially issued would remain outstanding immediately after the proposed redemption; and

(b) the redemption occurs within 120 days after the closing of such Equity Offering.

At any time on or after March 5, 2022 and prior to maturity, upon not less than 30 nor more than 60 days' notice to the Holders and the Trustee, the Company may redeem all or part of the Notes at the following redemption prices (expressed as percentages of their principal amount at maturity), plus accrued and unpaid interest and

Additional Amounts, if any, to the redemption date, if redeemed during the 12-month period commencing on March 5 of the years set forth below:

Year	Redemption Price
2022	103.00%
2023	101.50%
2024 and thereafter	100.00%

Unless the Company defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

In connection with any redemption of Notes, any such redemption or notice may, at the Company's discretion, be subject to one or more conditions precedent. In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice may state that, in the Company's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed.

Repurchase of Notes Upon a Change of Control

Not later than 30 days following a Change of Control, unless the Company has previously or concurrently sent a redemption notice with respect to all, but not part, of the outstanding Notes as described under "*—Optional Redemption*," the Company will make an Offer to Purchase all outstanding Notes (a "**Change of Control Offer**") at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the Offer to Purchase Payment Date (as defined in clause (2) of the definition of "Offer to Purchase").

The Company has agreed in the Indenture that, following a Change of Control, it will timely repay all Indebtedness or obtain consents as necessary under or terminate, agreements or instruments that would otherwise prohibit a Change of Control Offer required to be made pursuant to the Indenture. Notwithstanding this agreement of the Company, it is important to note that if the Company is unable to repay (or cause to be repaid) all of the Indebtedness, if any, that would prohibit the repurchase of the Notes or is unable to obtain the requisite consents of the holders of such Indebtedness, or terminate any agreements or instruments that would otherwise prohibit a Change of Control Offer, it would continue to be prohibited from purchasing the Notes. In that case, the Company's failure to purchase tendered Notes would constitute an Event of Default under the Indenture.

Future debt of the Company may also (1) prohibit the Company from purchasing Notes in the event of a Change of Control; (2) provide that a Change of Control is a default; or (3) require repurchase of such debt upon a Change of Control. Moreover, the purchase of the Notes by the Company could cause a default under other Indebtedness, even if the Change of Control itself does not, due to the financial effect of the purchase on the Company. The Company's ability to pay cash to the Holders following the occurrence of a Change of Control may be limited by the Company's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes.

The Company will not be required to make a Change of Control Offer following a Change of Control if a third-party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer.

The definition of Change of Control includes a phrase relating to the sale of "all or substantially all" the assets of the Company. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a Holder of Notes to require the Company to repurchase such Holder's Notes as a result of a sale of less than all the assets of the Company to another person or group may be uncertain and will depend upon particular facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer of "all or substantially all" the assets of the Company has occurred.

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Company purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

Neither the Trustee nor the Agents shall be required to take any steps to ascertain whether a Change of Control or any event which could lead to the occurrence of a Change of Control has occurred and shall not be liable to any person for any failure to do so.

No Mandatory Redemption or Sinking Fund; Open Market Purchases

The Company will not be required to make mandatory redemption (other than in the manner described under "*—Repurchase of Notes Upon a Change of Control*") or sinking fund payments with respect to the Notes. Subject to compliance with applicable law, the Company and its Affiliates may, at their discretion, at any time from time to time purchase the Notes in the open market or otherwise; *provided* that such Notes are promptly cancelled.

Additional Amounts

All payments by or on behalf of the Company or a Surviving Person (as defined under "*—Consolidation, Merger and Sale of Assets*") of principal of, and premium (if any) and interest under or with respect to the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, levies, imposts, assessments or governmental charges of whatever nature (including, without limitation, penalties and interest and other similar liabilities related thereto) ("**Taxes**" and "**Tax**" shall be construed accordingly) imposed or levied by or within any jurisdiction in which the Company or a Surviving Person is organized or resident for Tax purposes or any political subdivision or Tax authority thereof or therein (each, as applicable, a "**Relevant Taxing Jurisdiction**") or any jurisdiction through which payment is made or any political subdivision or Tax authority thereof or therein (together with the Relevant Taxing Jurisdictions, the "**Relevant Jurisdictions**"), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Company or a Surviving Person, as the case may be, will pay such additional amounts ("**Additional Amounts**") as may be necessary so that the net amounts after such withholding or deduction equal such amounts as would have been received had no such withholding or deduction been required, except that no Additional Amounts shall be payable:

(1) for or on account of:

(a) any Taxes that would not have been imposed but for:

(i) the existence of any present or former connection between the Holder or beneficial owner of such Note and the Relevant Jurisdiction other than merely acquiring or holding such Note, the enforcement of rights thereunder or the receipt of payments thereunder, including, without limitation, such Holder or beneficial owner being or having been a national, domiciliary or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein;

(ii) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, and interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period; or

(iii) the failure of the Holder or beneficial owner to comply with a timely written request of the Company or a Surviving Person addressed to the Holder to provide information concerning such Holder's or beneficial owner's nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that such Holder or beneficial owner is legally entitled to do so and that due and timely compliance with such request would have reduced or eliminated any withholding or deduction as to which Additional Amounts would have otherwise been payable; or

(b) any estate, inheritance, gift, sale, transfer, personal property or similar Tax;

(c) any Taxes to the extent such Taxes result from the presentation of the Note (where presentation is required) for payment in a Relevant Jurisdiction and the payment can be made without such withholding or deduction by the presentation of the Note for payment elsewhere;

(d) any tax, assessment, withholding or deduction required by sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**"), any current or future Treasury Regulations or rulings promulgated thereunder, any intergovernmental agreement between the United States and any other jurisdiction to implement FATCA, any law, regulation or other official guidance enacted in

any jurisdiction implementing such an intergovernmental agreement or FATCA, or any agreement with the U.S. Internal Revenue Service under FATCA; or

(e) any combination of the items referred to in the preceding clauses (a), (b), (c) and (d); or

(2) to a Holder that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in the income under the laws of the Relevant Jurisdiction, for Tax purposes, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner or beneficial owner been the Holder thereof.

The Company or Surviving Person will (i) make such withholding or deduction required by applicable law and (ii) remit the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law. The Company or Surviving Person will upon request, make reasonable efforts to obtain certified copies of Tax receipts evidencing the payment of any Taxes so deducted or withheld. Upon request, the Company or Surviving Person will furnish to the Holders and the Trustee, within 60 days after the date the payment of any Taxes so deducted or withheld is due pursuant to applicable law, either certified copies of Tax receipts evidencing such payment or, if such receipts are not obtainable, other evidence of such payments.

At least 30 days prior to each date on which any payment under or with respect to the Notes is due and payable, if the Company or Surviving Person will be obligated to pay Additional Amounts with respect to such payment, the Company or Surviving Person will deliver to the Trustee an Officer's Certificate stating the fact that such Additional Amounts will be payable and the amounts so payable and will set forth such other information necessary to enable the Paying Agent to pay such Additional Amounts to the Holders on such payment date.

In addition, the Company or Surviving Person will pay and indemnify the Holders or beneficial owners for any stamp, issue, registration, documentary, transfer, court, excise, property, value added or other similar Taxes and other duties (including interest and penalties) payable in any Relevant Jurisdiction in respect of the creation, issue, offering, delivery, registration, execution or enforcement of the Notes, or any documentation with respect thereto or the receipt of any payments with respect thereto.

Whenever there is mentioned in any context the payment of principal of, and any premium or interest in respect of, any Note, such mention shall be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The above obligation will survive any termination, defeasance or discharge of the Indenture, any transfer by a Holder or beneficial owner of the Notes, and will apply, *mutatis mutandis*, to any jurisdiction in which the Company or Surviving Person is then incorporated, organized, or resident for Tax purposes or any jurisdiction from or through which such person makes any payment on the Notes and any political subdivision or Tax authority or agency thereof or therein having the power to tax.

Redemption for Taxation Reasons

The Notes may be redeemed, at the option of the Company or a Surviving Person with respect to the Company, as a whole but not in part, at any time, upon giving not less than 30 days' nor more than 60 days' notice to the Holders (which notice shall be irrevocable) and the Trustee and upon reasonable written notice in advance of such notice to the Holders and the Trustee, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Company or the Surviving Person, as the case may be, for redemption if, as a result of:

(1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction affecting taxation; or

(2) any change in the existing written official position or the stating of an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction), which change, amendment, application or interpretation becomes effective or, in the case of an official position, is announced (i) except as described in (ii) below, on or after the Original Issue Date, or (ii) with respect to any Surviving Person whose Relevant Taxing Jurisdiction has not been a Relevant Taxing Jurisdiction immediately before the date such Surviving Person became a Surviving Person, on or after the date such Surviving Person becomes a Surviving Person, with respect to any payment due or to become due under the Notes or the Indenture, the Company or a Surviving Person, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts, and such requirement cannot be avoided by the taking of reasonable measures by the Company or a Surviving Person, as the case may be; *provided* that no such notice of redemption shall be given earlier than 90 days prior to

the earliest date on which the Company or a Surviving Person, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

Prior to the mailing of any notice of redemption of the Notes pursuant to the foregoing, the Company or a Surviving Person, as the case may be, will deliver to the Trustee at least 30 days but not more than 60 days before a redemption date:

(1) an Officer's Certificate stating that such change or amendment referred to in the prior paragraph has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Company or a Surviving Person, as the case may be, taking reasonable measures; and

(2) an Opinion of Counsel or an opinion of a tax consultant, in either case of recognized standing with respect to tax matters of the Relevant Taxing Jurisdiction, stating that the requirement to pay such Additional Amounts results from such change or amendment referred to in the prior paragraph.

The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it shall be conclusive and binding on the Holders.

Any Notes that are redeemed will be cancelled.

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture.

Limitation on Indebtedness

(1) The Company will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness), provided that the Company and any Restricted Subsidiary may Incur Indebtedness (including Acquired Indebtedness) if, after giving *pro forma* effect to the Incurrence of such Indebtedness and the receipt and application of the proceeds therefrom, (a) the Fixed Charge Coverage Ratio would not be less than 3.0 to 1.0, and (b) if such Indebtedness constitutes Priority Indebtedness, on the date of the Incurrence of such Indebtedness and after giving effect thereto such Indebtedness constitutes Permitted Priority Indebtedness, and (c) if such Indebtedness constitutes Secured Company Indebtedness, on the date of the Incurrence of such Indebtedness and after giving effect thereto such Indebtedness constitutes Permitted Secured Company Indebtedness.

(2) Notwithstanding the foregoing, the Company and any Restricted Subsidiary may Incur, to the extent provided below, each and all of the following ("**Permitted Indebtedness**"):

  (a) Indebtedness represented by the Notes issued on the Original Issue Date;

  (b) Indebtedness of the Company or any Restricted Subsidiary outstanding on the Original Issue Date;

  (c) Indebtedness of the Company or any Restricted Subsidiary owed to the Company or any Restricted Subsidiary; *provided* that (i) any event which results in (A) any such Restricted Subsidiary to which such Indebtedness is owed ceasing to be a Restricted Subsidiary or (B) any subsequent transfer of such Indebtedness (other than to the Company or any Restricted Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (2)(c), (ii) if the Company is the obligor of such Indebtedness, such Indebtedness must be unsecured and be expressly subordinated in right of payment to the Notes and (iii) if the Indebtedness is owed to the Company, such Indebtedness must be evidenced by an unsubordinated promissory note or a similar instrument under applicable law;

  (d) Indebtedness of the Company or any Restricted Subsidiary issued in exchange for, or the net proceeds of which are used to refinance or refund, replace, exchange, renew, repay, redeem, defease, discharge or extend (collectively, "refinance" and "refinances" and "refinanced" shall have a correlative meaning) ("**Permitted Refinancing Indebtedness**"), then outstanding Indebtedness (or Indebtedness repaid substantially concurrently with, but in any case before, the Incurrence of such Permitted Refinancing Indebtedness) Incurred under clauses (1), (2)(a), (2)(b) or (2)(g) of this covenant and any refinancing thereof in an amount not to exceed the amount so refinanced or refunded (plus premiums, accrued interest, fees and expenses); *provided* that the Indebtedness to be refinanced is fully and irrevocably repaid no later than 30 days after the Incurrence of the Permitted Refinancing Indebtedness; and *provided further* that (i) Indebtedness the proceeds of which are used to refinance or refund the Notes or Indebtedness that is *pari passu* with, or subordinated in right of payment to, the Notes shall only be permitted under this clause (2)(d) if (A) in case the Notes are refinanced in part or the Indebtedness to be refinanced is *pari passu* with the Notes, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is outstanding, is expressly made *pari passu* with, or subordinate in right of payment to, the remaining Notes, if any,

or (B) in case the Indebtedness to be refinanced is subordinated in right of payment to the Notes, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes, (ii) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the earlier of the final maturity date of the Notes and the Stated Maturity of the Indebtedness to be refinanced, and the Average Life of such new Indebtedness is at least equal to the later of the remaining Average Life of the Indebtedness to be refinanced or more than 180 days after the final maturity date of the Notes; (iii) in no event may Indebtedness of the Company be refinanced pursuant to this paragraph by means of any Indebtedness of any Restricted Subsidiary (other than for the purposes of repaying the Notes in full); and (iv) in no event may unsecured Indebtedness of the Company be refinanced pursuant to this clause with secured Indebtedness (other than for the purposes of repaying the Notes in full);

(e) Indebtedness Incurred by the Company or any Restricted Subsidiary pursuant to Hedging Obligations entered into in the ordinary course of business and designed solely to protect the Company or any Restricted Subsidiary from fluctuations in interest rates, currencies or the price of commodities and not for speculation (or to reverse or amend or terminate any such agreements previously made for such purposes);

(f) Indebtedness Incurred by the Company or any Restricted Subsidiary with a maturity of one year or less for working capital in an aggregate principal amount at any one time outstanding (together with refinancings thereof) of all Indebtedness Incurred under this clause (2)(f) not to exceed 20.0% of Total Revenue (or the Dollar Equivalent thereof) ("**Permitted Working Capital Indebtedness**");

(g) the Guarantee by the Company or any Restricted Subsidiary of Indebtedness of the Company or any Restricted Subsidiary permitted to be incurred by this covenant;

(h) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently, except in the case of daylight overdrafts, drawn against insufficient funds in the ordinary course of business; *provided, however,* that this Indebtedness is extinguished within five Business Days;

(i) Indebtedness of the Company or any Restricted Subsidiary in respect of workers' compensation claims and claims arising under similar legislation, or in connection with self-insurance or similar requirements, in each case in the ordinary course of business;

(j) Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for indemnification, adjustment of purchase price, or other similar obligations, in each case Incurred or assumed in connection with the disposition of any business, assets of the Company or of a Restricted Subsidiary, other than Guarantees of Indebtedness Incurred by any Person acquiring all or any portion of any of the Company's or a Restricted Subsidiary's business or assets for the purpose of financing an acquisition; *provided, however,* that the maximum assumable liability in respect of all this Indebtedness shall at no time exceed the gross proceeds actually received by the Company and/or the relevant Restricted Subsidiary in connection with the disposition;

(k) obligations with respect to trade letters of credit, performance and surety bonds and completion or performance guarantees provided by the Company or any Restricted Subsidiary securing obligations, entered into in the ordinary course of business, to the extent the letters of credit, bonds or guarantees are not drawn upon or, if and to the extent drawn upon is honored in accordance with its terms and, if to be reimbursed, is reimbursed in accordance with the terms of demand following receipt of a demand for reimbursement following payment on the letter of credit, bond or guarantee; and

(l) Indebtedness of the Company or any Restricted Subsidiary not otherwise specifically permitted under clauses (2)(a) through (2)(k) above in an aggregate amount at any time outstanding (together with refinancings thereof) not to exceed US$10.0 million (or the Dollar Equivalent thereof);

provided that, if any Indebtedness Incurred under this clause (2) constitutes (a) Priority Indebtedness, on the date of the Incurrence of such Indebtedness and after giving effect thereto, such Indebtedness constitutes Permitted Priority Indebtedness, and (b) Secured Company Indebtedness, on the date of the Incurrence of such Indebtedness and after giving effect thereto, such Indebtedness constitutes Permitted Secured Company Indebtedness.

For purposes of determining compliance with this "*—Limitation on Indebtedness*" covenant, in the event that an item of Indebtedness meets the criteria of more than one of the types of Permitted Indebtedness or is permitted to

be Incurred pursuant to clause (1) of this covenant, the Company may, in its sole discretion, classify, and from time to time may reclassify, such item of Indebtedness and only be required to include the amount of such Indebtedness as one of such types.

The accrual of interest, the accretion or amortization of original issue discount and the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, will not be deemed to be an incurrence of Indebtedness for purposes of this covenant; *provided*, in each such case, that the amount of any such accrual, accretion, amortization or payment is included in Consolidated Interest Expense of the Company as accrued.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or any Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred (or first committed, in the case of revolving credit debt); *provided*, that if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing.

The amount of any Indebtedness outstanding as of any date will be:

(1) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount;

(2) the principal amount of the Indebtedness, in the case of any other Indebtedness; and

(3) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of (a) the Fair Market Value of such assets at the date of determination and (b) the amount of the Indebtedness of the other Person.

Limitation on Restricted Payments

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly (the payments or any other actions described in clauses (1) through (5) below being collectively referred to as "**Restricted Payments**"):

(1) declare or pay any dividend or make any distribution on or with respect to the Company's or any of the Restricted Subsidiaries' Capital Stock (other than dividends or distributions payable solely in shares of Capital Stock of the Company or such Restricted Subsidiary (other than Disqualified Stock or Preferred Stock) or in options, warrants or other rights to acquire shares of such Capital Stock) held by Persons other than the Company or any Wholly Owned Restricted Subsidiary;

(2) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock of the Company or any Parent Entity of the Company (including options, warrants or other rights to acquire such shares of Capital Stock) held by any Persons other than the Company or any Restricted Subsidiary;

(3) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other voluntary or optional acquisition or retirement for value, of Subordinated Indebtedness (excluding any intercompany Indebtedness between or among the Company and any Restricted Subsidiary or among Restricted Subsidiaries);

(4) make any principal or interest payment on, or repurchase, redeem, defease or otherwise acquire or retire any Subordinated Shareholder Funding (other than the payment of interest in the form of additional Subordinated Shareholder Funding); or

(5) make any Investment, other than a Permitted Investment;

if, at the time of, and after giving effect to, the proposed Restricted Payment:

(a) a Default has occurred and is continuing or would occur as a result of such Restricted Payment;

(b) the Company could not Incur at least US$1.00 of Indebtedness under the Fixed Charge Coverage Ratio described in the first paragraph under "*—Limitation on Indebtedness*"; or

(c) such Restricted Payment, together with the aggregate amount of all Restricted Payments made by the Company and the Restricted Subsidiaries after the Existing Notes Original Issue Date, shall exceed the sum of:

(i) 50% of the aggregate amount of the Consolidated Net Income of the Company (or, if the Consolidated Net Income is a loss, minus 100% of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on October 1, 2016 and ending on the last day of the Company's most recently ended fiscal quarter for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner and which may be internal financial statements) are available and have been provided to the Trustee at the time of such Restricted Payment; plus

(ii) 100% of the aggregate Net Cash Proceeds received by the Company after the Existing Notes Original Issue Date in the form of Subordinated Shareholder Funding or as a capital contribution to its common equity by, or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to a Person who is not a Subsidiary of the Company, including any such Net Cash Proceeds received upon (A) the conversion by a Person who is not a Subsidiary of the Company of any Indebtedness (other than Subordinated Indebtedness) of the Company into Capital Stock (other than Disqualified Stock) of the Company, or (B) the exercise by a Person who is not a Subsidiary of the Company of any options, warrants or other rights to acquire Capital Stock of the Company (other than Disqualified Stock), in each case after deducting the amount of any such Net Cash Proceeds used to redeem, repurchase, defease or otherwise acquire or retire for value any Subordinated Indebtedness, Subordinated Shareholder Funding or Capital Stock of the Company or any Restricted Subsidiary; plus

(iii) the amount by which Indebtedness of the Company is reduced on the Company's consolidated balance sheet upon the conversion or exchange (other than by a Subsidiary of the Company) subsequent to the Existing Notes Original Issue Date of any Indebtedness of the Company convertible or exchangeable for Capital Stock (other than Disqualified Stock) of the Company (less the amount of any cash, or the Fair Market Value of any other property, distributed by the Company upon such conversion or exchange); *provided, however,* that the foregoing amount shall not exceed the Net Cash Proceeds received by the Company from the Incurrence of such Indebtedness; plus

(iv) an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) that were made after the Existing Notes Original Issue Date in any Person resulting from (A) payments of interest on Indebtedness, dividends or repayments of loans or advances by such Person, in each case to the Company or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income) after the Existing Notes Original Issue Date, (B) the unconditional release of a Guarantee provided by the Company or a Restricted Subsidiary after the Existing Notes Original Issue Date of an obligation of another Person (other than the Company or any Restricted Subsidiary), (C) to the extent that an Investment made after the Existing Notes Original Issue Date is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (y) the initial amount of such Investment, or (D) from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, not to exceed, in each case, the amount of Investments (other than Permitted Investments) made by the Company or a Restricted Subsidiary after the Existing Notes Original Issue Date in any such Person and treated as a Restricted Payment.

The foregoing provision shall not be violated by reason of:

(1) the payment of any dividend or irrevocable redemption of any Capital Stock within 60 days after the related date of declaration or call for redemption if, at said date of declaration or call for redemption, such payment or redemption would comply with the preceding paragraph;

(2) the payment of any dividends or distributions declared, paid or made by a Restricted Subsidiary, to the holders of such Restricted Subsidiary's Capital Stock, majority of which is held, directly or indirectly through Restricted Subsidiaries, by the Company, on a pro rata basis or on a basis more favorable to the Company;

(3) the redemption, repurchase, retirement or other acquisition for value of Capital Stock of the Company (or options, warrants or other rights to acquire such Capital Stock) or any Restricted Subsidiary or the redemption, repurchase, defeasance or other acquisition or retirement of Subordinated Shareholder Funding,

in each case in exchange for, or out of the Net Cash Proceeds of (a) a substantially concurrent capital contribution or sale (other than to a Subsidiary of the Company) of, shares of Capital Stock (other than Disqualified Stock) of the Company or such Restricted Subsidiary (or options, warrants or other rights to acquire such Capital Stock) or (b) Subordinated Shareholder Funding; *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph;

(4) the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Company or any preferred stock of a Restricted Subsidiary issued on or after the date of the Indenture that was permitted to be issued pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*";

(5) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company with the Net Cash Proceeds of, or in exchange for, a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;

(6) any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Disqualified Stock of the Company or preferred stock of a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Disqualified Stock of the Company or preferred stock of a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" and that in each case constitutes Permitted Refinancing Indebtedness;

(7) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent capital contribution or sale (other than to a Subsidiary of the Company) of, shares of the Capital Stock (other than Disqualified Stock) of the Company (or options, warrants or other rights to acquire such Capital Stock); *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph;

(8) the repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Company or any Restricted Subsidiaries (or options, warrants or other rights to acquire such Capital Stock) held by any future, current or former officer, director or employee of the Company or any direct or indirect parent entities or Restricted Subsidiaries (or any such Person's assigns, estates or heirs) pursuant to any equity subscription agreement, stock option agreement, shareholders' agreement or similar plans or other contractual arrangements or agreements; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Capital Stock may not exceed US$7.0 million (or the Dollar Equivalent thereof) in any fiscal year;

(9) (i) the repurchase of Capital Stock deemed to occur upon the exercise of options, warrants or other rights in respect thereof if such Capital Stock represents all or a portion of the exercise price thereof and (ii) repurchases of Capital Stock deemed to occur upon the withholding of a portion of the Capital Stock granted or awarded to a director, employee or consultant to pay for the Taxes payable by such director, employee or consultant upon such grant or award;

(10) Restricted Payments by the Company or any Restricted Subsidiary to allow the payment of cash in lieu of the issuance of fractional shares upon the exercise of options or warrants or upon the conversion or exchange of Capital Stock of any such Person; and

(11) Restricted Payments up to an aggregate amount not to exceed US$ 20.0 million (or the Dollar Equivalent thereof);

provided that, in the case of clauses (2), (3), (4) and (11) of this paragraph, no Event of Default shall have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein. Each Restricted Payment made pursuant to clauses (1) and (11) of this paragraph shall be included in calculating whether the conditions of clause (c) of the first paragraph of this "*—Limitation on Restricted Payments*" covenant have been met with respect to any subsequent Restricted Payments.

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The value of any assets or securities (other than cash) that are required to be valued by this covenant will be the Fair Market Value. The Board of Directors' determination of the Fair Market Value of any assets (including securities) other than cash in a Restricted Payment or a series of related Restricted Payments must be based upon an opinion or an appraisal issued by an appraisal or investment banking firm of recognized standing if the expected Fair Market Value

exceeds US$10.0 million (or the Dollar Equivalent thereof) and such determination must be contained in a Board Resolution set forth in an Officer's Certificate that is provided to the Trustee.

Not later than the date of making any Restricted Payment in excess of US$10.0 million (or the Dollar Equivalent thereof), the Company will deliver to the Trustee an Officer's Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this "*—Limitation on Restricted Payments*" covenant were computed, together with a copy of any fairness opinion or appraisal required by the Indenture.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

(1) Except as provided below, the Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:

   (a) pay dividends or make any other distributions on any Capital Stock of such Restricted Subsidiary owned by the Company or any other Restricted Subsidiary;

   (b) pay any Indebtedness or other obligation owed to the Company or any other Restricted Subsidiary;

   (c) make loans or advances to the Company or any other Restricted Subsidiary; or

   (d) sell, lease or transfer any of its property or assets to the Company or any other Restricted Subsidiary.

(2) The provisions of clause (1) do not apply to any encumbrances or restrictions:

   (a) existing in agreements as in effect on the Original Issue Date, or in the Notes or the Indenture, or any extensions, refinancings, renewals or replacements of any of the foregoing agreements; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

   (b) existing under or by reason of applicable law, rule, regulation or order;

   (c) existing with respect to any Person or the property or assets of such Person acquired by the Company or any Restricted Subsidiary, at the time of such acquisition and not incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired, and any extensions, refinancings, renewals or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

   (d) that otherwise would be prohibited by the provision described in clause (1) of this covenant if they arise, or are agreed to, in the ordinary course of business and (i) restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease or license, (ii) exist by virtue of any Lien on, or agreement to transfer, option or similar right with respect to any property or assets of the Company or any Restricted Subsidiary not otherwise prohibited by the Indenture or (iii) do not relate to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Company or any Restricted Subsidiary in any manner material to the Company or any Restricted Subsidiary;

   (e) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary that is permitted by the "*—Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries*," "*—Limitation on Indebtedness*" and "*—Limitation on Asset Sales*" covenants;

   (f) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness permitted under the "*—Limitation on Indebtedness*" covenant if, as determined by the Board of Directors, the encumbrances or restrictions (i) are customary for such type of agreement and (ii) would not, at the time agreed to, be expected to materially and adversely affect the ability of the Company to make required payments on the Notes;

   (g) existing under or by reason of purchase money obligations for property acquired in connection with the Permitted Business and Capitalized Lease Obligations that impose restrictions on the property purchased or leased of the nature described in clause (1)(d) and are incurred in accordance with the "*—Limitation on Indebtedness*" covenant;

(h) existing under or by reason of customary non-assignment provisions in contracts and licenses entered into in connection with the Permitted Business;

(i) existing under or by reason of provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale and leaseback agreements, stock sale agreements and other similar agreements entered into with the approval of the Company's Board of Directors, if the encumbrances or restrictions would not, at the time agreed to, be expected to materially adversely affect the ability of the Company to make required payments on the Notes;

(j) existing under or by reason of restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(k) existing under or by reason of customary restrictions imposed on the transfer of, or in licenses related to, copyrights, patents or other intellectual property and contained in agreements entered into in the ordinary course of business; or

(l) existing under or by reason of Permitted Refinancing Indebtedness; *provided* that the encumbrances and restrictions contained in the agreements governing that Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the debt being refinanced.

Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries

The Company will not sell, and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell, any shares of Capital Stock of a Restricted Subsidiary (including in each case options, warrants or other rights to purchase shares of such Capital Stock) except:

(1) to the Company or a Restricted Subsidiary;

(2) to the extent such Capital Stock represents director's qualifying shares or is required by applicable law to be held by a Person other than the Company or a Restricted Subsidiary;

(3) to the extent the issue or sale of such Capital Stock is permitted in accordance with clause (1) of the second paragraph of the "*—Limitation on Transactions with Shareholders and Affiliates*" covenant;

(4) the issuance or sale of Capital Stock of a Restricted Subsidiary (which remains a Restricted Subsidiary after any such issuance or sale); *provided* that the Company or such Restricted Subsidiary applies the Net Cash Proceeds of such issuance or sale, to the extent required, in accordance with the "*—Limitation on Asset Sales*" covenant; and

(5) the issuance or sale of Capital Stock of a Restricted Subsidiary if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any remaining Investment in such Person would have been permitted to be made under the "*—Limitation on Restricted Payments*" covenant if made on the date of such issuance or sale and provided that the Company complies with the "*—Limitation on Asset Sales*" covenant.

Limitation on Transactions with Shareholders and Affiliates

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend any transaction or arrangement (or series of related transactions or arrangements) (including, without limitation, the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with (x) any holder (or any Affiliate of such holder) of 5% or more of any class of Capital Stock of the Company or (y) any Affiliate of the Company (each an " **Affiliate Transaction**"), involving aggregate payments or consideration in excess of US$2.0 million (or the Dollar Equivalent thereof), unless:

(1) the Affiliate Transaction is on fair and reasonable terms that are no less favorable to the Company or the relevant Restricted Subsidiary, as the case may be, than those that would have been obtained in a comparable transaction by the Company or the relevant Restricted Subsidiary with a Person that is not an Affiliate of the Company; and

(2) the Company delivers to the Trustee:

(a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US$5.0 million (or the Dollar Equivalent thereof), a Board Resolution set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with this covenant and such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; *provided* that, if no disinterested member of the Board of Directors exists with

respect to any Affiliate Transaction, the transaction may be approved by a majority of the members of the Board of Directors if the requirements of clause (2)(b) below are met with respect to such Affiliate Transaction as if it involved aggregate consideration in excess of US$10.0 million (or the Dollar Equivalent thereof); and

(b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US$10.0 million (or the Dollar Equivalent thereof), in addition to the Board Resolution required in clause (2)(a) above, an opinion as to the fairness to the Company or such Restricted Subsidiary, as the case may be, of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized standing or an Independent Engineer.

The foregoing limitation does not limit, and shall not apply to:

(1) any employment or compensation agreement (whether based in cash or securities), officer or director indemnification agreement, severance or termination agreement or any similar arrangement entered into by the Company or any Restricted Subsidiary and payments pursuant thereto and any transactions pursuant to stock option plans, stock ownership plans and employee benefit plans or similar arrangements approved by the Board of Directors, in each case in the ordinary course of business;

(2) the payment of reasonable and customary fees and reimbursement of expenses (pursuant to indemnity arrangements or otherwise) of officers, directors, employees or consultants of the Company or any Restricted Subsidiary;

(3) transactions between or among the Company and any Restricted Subsidiary or between or among Restricted Subsidiaries;

(4) (a) any Restricted Payment not prohibited by the covenant described under "*—Limitation on Restricted Payments*" and (b) any Permitted Investment other than made pursuant to clause (1) of the definition thereof as described under "*—Definitions*";

(5) any sale of Capital Stock (other than Disqualified Stock) of the Company (or options, warrants or other rights to acquire such Capital Stock), any contribution of capital to the Company, or any Incurrence of, or amendment to, any Subordinated Shareholder Funding (so long as in the case of any amendment, such Subordinated Shareholder Funding continues to satisfy the requirements set forth under the definition "Subordinated Shareholder Funding" after giving effect thereto), in each case that is permitted under or not prohibited by "*—Limitation on Indebtedness*";

(6) any agreement between any Person and an Affiliate of such Person existing at the time such Person is acquired by or merged into the Company or any Restricted Subsidiary; *provided* that such agreement was not entered into in contemplation of such acquisition or merger;

(7) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services, derivatives or insurance or lessors or lessees or providers of employees or other labor or property, in the ordinary course of business and that are fair or on terms at least as favorable as arm's length as determined by the Board of Directors;

(8) any purchases by the Company's Affiliates of Indebtedness or Disqualified Stock of the Company or any Restricted Subsidiary where at least 90% of such Indebtedness or Disqualified Stock is purchased by Persons who are not Affiliates of the Company;

(9) transactions contemplated pursuant to agreements or arrangements in effect on the Original Issue Date and described in this offering memorandum, or any amendment or modification or replacement thereof that is not materially more disadvantageous to the Company than the agreement or arrangement in effect on the Original Issue Date;

(10) transactions permitted by, and complying with, the covenant described under "*—Consolidation, Merger and Sale of Assets*"; and

(11) Permitted Parent Payments.

In addition, the requirements of clause (2) of the first paragraph of this covenant shall not apply to any transaction between or among the Company, any Wholly Owned Restricted Subsidiary and any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary; *provided* that none of the minority shareholders or minority partners of or in such non-Wholly Owned Restricted Subsidiary is a Person described in clauses (x) or (y) of the first paragraph of this covenant (other than by reason of such minority shareholder or minority partner being an officer or director of such Restricted Subsidiary) and the requirement of clause (2)(b) of the first

paragraph of this covenant shall not apply to transactions with concessionaires, licensees, customers, clients, suppliers, vendors or purchasers or sellers of goods or services, derivatives, insurance or Hedging Obligations or lessors or lessees or providers of employees or other labor or property, including, in each case, the Permitted Holders, in the ordinary course of business.

Limitation on Liens

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, incur, assume or permit to exist any Lien of any nature whatsoever on any of its assets or properties of any kind, whether owned at the Original Issue Date or thereafter acquired, except Permitted Liens, unless the Notes are equally and ratably secured by such Lien.

Limitation on Sale and Leaseback Transactions

The Company will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction; *provided* that the Company or a Restricted Subsidiary may enter into a Sale and Leaseback Transaction if:

(1) the Company or such Restricted Subsidiary could have (a) Incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction under the covenant described under "*—Limitation on Indebtedness*" and (b) incurred a Lien to secure such Indebtedness pursuant to the covenant described above under "*—Limitation on Liens*," in which case, the corresponding Indebtedness will be deemed Incurred and the corresponding Lien will be deemed incurred pursuant to those provisions;

(2) the gross cash proceeds of that Sale and Leaseback Transaction are at least equal to the Fair Market Value of the property that is the subject of such Sale and Leaseback Transaction; and

(3) the transfer of assets in that Sale and Leaseback Transaction is not prohibited by the covenant described below under "*—Limitation on Asset Sales*."

Limitation on Asset Sales

The Company will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale, unless:

(1) the consideration received by the Company or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of; and

(2) at least 75% of the consideration received consists of cash, Temporary Cash Investments or Replacement Assets (as defined below); *provided* that in the case of an Asset Sale in which the Company or such Restricted Subsidiary receives Replacement Assets involving aggregate consideration in excess of US$10.0 million (or the Dollar Equivalent thereof), the Company shall deliver to the Trustee an opinion of fairness to the Company or such Restricted Subsidiary of such Asset Sale from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized standing. For purposes of this provision, each of the following will be deemed to be cash:

   (a) any liabilities, as shown on the Company's most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes) that are assumed by the transferee of any such assets pursuant to a customary assumption, assignment, novation or similar agreement that releases the Company or such Restricted Subsidiary, as the case may be, from or indemnifies them against further liability; and

   (b) any securities, notes or other obligations received by the Company or any Restricted Subsidiary from such transferee that are promptly, but in any event within 90 days of closing, converted by the Company or such Restricted Subsidiary, as the case may be, into cash, to the extent of the cash received in that conversion.

(3) Within 365 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Company or any Restricted Subsidiary may apply such Net Cash Proceeds to:

   (a) permanently repay any Senior Indebtedness (and if any such Indebtedness is revolving credit Indebtedness, to correspondingly permanently reduce commitments with respect thereto), in each case owing to a Person other than the Company or a Restricted Subsidiary;

   (b) acquire Replacement Assets;

   (c) with up to US$10 million of the Net Cash Proceeds received from an Equity Offering of a Restricted Subsidiary organized under the laws of India, use for general corporate purposes; or

   (d) any combination of (3)(a), (3)(b) and (3)(c) above;

provided that, pending the application of Net Cash Proceeds in accordance with clauses (a), (b), (c) or (d) of this paragraph, such Net Cash Proceeds may be temporarily invested only in cash or Temporary Cash Investments or be used to temporarily reduce revolving credit Indebtedness.

(4) Any Net Cash Proceeds from Asset Sales that are not applied or invested as provided in clause (3) will constitute "**Excess Proceeds.**" Excess Proceeds of less than US$10.0 million (or the Dollar Equivalent thereof) will be carried forward and accumulated. When accumulated Excess Proceeds exceed US$10.0 million (or the Dollar Equivalent thereof), within ten (10) Business Days thereof, the Company must make an Offer to Purchase Notes having a principal amount equal to:

(a) accumulated Excess Proceeds, multiplied by

(b) a fraction (x) the numerator of which is equal to the outstanding principal amount of the Notes and (y) the denominator of which is equal to the outstanding principal amount of the Notes and all Senior Indebtedness, in any such case similarly required to be repaid, redeemed or tendered for in connection with the Asset Sale, rounded down to the nearest US$1,000.

The offer price in any Offer to Purchase will be equal to 100% of the principal amount plus accrued and unpaid interest to the date of purchase, and will be payable in cash.

If any Excess Proceeds remain after consummation of an Offer to Purchase, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes tendered in such Offer to Purchase exceeds the amount of Excess Proceeds, the Trustee will select the Notes to be purchased on a pro rata basis. Upon completion of each Offer to Purchase, the amount of Excess Proceeds will be reset at zero.

Limitation on Business Activities

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, engage in any business other than Permitted Businesses.

Use of Proceeds

The Company will not use the net proceeds from the sale of the Notes issued and sold on the Original Issue Date, in any amount, for any purpose other than (1) as specified under "Use of Proceeds" in this offering memorandum and (2) pending the application of all of such net proceeds in such manner, to invest the portion of such net proceeds not yet so applied in cash or Temporary Cash Investments.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary; *provided* that (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2) such Restricted Subsidiary does not own any Disqualified Stock of the Company or Disqualified Stock or Preferred Stock of a Restricted Subsidiary or hold any Indebtedness of, or any Lien on any property of, the Company or any Restricted Subsidiary, if such Disqualified Stock or Preferred Stock or Indebtedness could not be Incurred under the covenant described under "*—Limitation on Indebtedness*" or such Lien would violate the covenant described under "*—Limitation on Liens*," in each case immediately after such designation; (3) such Restricted Subsidiary does not own any Voting Stock of another Restricted Subsidiary (other than Restricted Subsidiaries concurrently designated to be Unrestricted Subsidiaries in accordance with this covenant), and all of its Subsidiaries are Unrestricted Subsidiaries or are being concurrently designated to be Unrestricted Subsidiaries in accordance with this paragraph; (4) such Restricted Subsidiary has no outstanding Indebtedness that could trigger a cross-default to the Indebtedness of the Company or any other Restricted Subsidiary; and (5) the Investment deemed to have been made thereby in such newly designated Unrestricted Subsidiary and each other newly designated Unrestricted Subsidiary being concurrently redesignated would be permitted to be made by the covenant described under "*—Limitation on Restricted Payments*" immediately after such designation.

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2 any Indebtedness of such Unrestricted Subsidiary outstanding at the time of such designation which will be deemed to have been Incurred by such newly designated Restricted Subsidiary as a result of such designation would be permitted to be Incurred by the covenant described under "*—Limitation on Indebtedness*"; (3) any Lien on the property of such Unrestricted Subsidiary at the time of such designation, which Liens will be deemed to have been incurred by such newly designated Restricted Subsidiary as a result of such designation, would be permitted to be incurred by the covenant described under "*—Limitation on Liens*"; and (4) such Unrestricted Subsidiary is not a Subsidiary of another Unrestricted Subsidiary (that is not concurrently being designated as a Restricted Subsidiary).

All designations must be evidenced by a Board Resolution delivered to the Trustee certifying compliance with the preceding provisions.

Government Approvals and Licenses; Compliance with Law

The Company will, and will cause each Restricted Subsidiary to, (1) obtain and maintain in full force and effect substantially all governmental approvals, authorizations, consents, permits, concessions and licenses as are necessary to engage in the Permitted Business; (2) preserve and maintain good and valid title to its properties and assets (including land-use rights) free and clear of any Liens other than Permitted Liens; and (3) comply with all laws, regulations, orders, judgments and decrees of any governmental body, except to the extent that failure so to obtain, maintain, preserve and comply would not reasonably be expected to have a material adverse effect on (A) the business, results of operations or prospects of the Company and its Restricted Subsidiaries taken as a whole or (B) the ability of the Company to perform its obligations under the Notes or the Indenture.

Anti-Layering

The Company will not Incur any Indebtedness if such Indebtedness is contractually subordinated in right of payment to any other Indebtedness of the Company, unless such Indebtedness is also contractually subordinated in right of payment to the Notes on substantially identical terms. No Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness by virtue of being unsecured, or by reason of any Liens or Guarantees securing or in favor of some but not all of such Indebtedness or as a result of Indebtedness having a junior priority with respect to the same collateral or being secured by different collateral.

Suspension of Certain Covenants

If on any date following the date of the Indenture, the Notes have a rating of Investment Grade from two of the Rating Agencies and no Default has occurred and is continuing, then, beginning on that day and continuing until such time, if any, at which the Notes cease to have a rating of Investment Grade from both of the Rating Agencies (such period, the "**Suspension Period**"), the provisions of the Indenture summarized under the following captions will be suspended:

(1) *"—Certain Covenants—Limitation on Indebtedness";*

(2) *"—Certain Covenants—Limitation on Restricted Payments";*

(3) *"—Certain Covenants—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries";*

(4) *"—Certain Covenants—Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries";*

(5) *"—Certain Covenants—Limitation on Sale and Leaseback Transactions";*

(6) *"—Certain Covenants—Limitation on Asset Sales"; and*

(7) *Clauses (4) summarized under "—Consolidation, Merger and Sale of Assets."*

During any period that the foregoing covenants have been suspended, the Board of Directors may not designate any of the Restricted Subsidiaries as Unrestricted Subsidiaries pursuant to the covenant summarized under "*—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries*" or the definition of "**Unrestricted Subsidiary.**"

Such covenants will be reinstituted and apply according to their terms as of and from the first day on which a Suspension Period ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Company or any Restricted Subsidiary properly taken in compliance with the provisions of the Indenture during the continuance of the Suspension Period, and following reinstatement (1) the calculations under the covenant summarized under "*—Certain Covenants—Limitation on Restricted Payments*" will be made as if such covenant had been in effect since the date of the Indenture except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended and (2) all Indebtedness incurred, or Disqualified Stock or preferred stock issued, during the Suspension Period will be classified to have been incurred or issued pursuant to clause (2)(b) of the covenant summarized under "*—Certain Covenants—Limitation on Indebtedness*." Upon the occurrence of a Suspension Period, the amount of Excess Proceeds shall be reset at to the amount in effect at the beginning of the Suspension Period.

There can be no assurance that the Notes will ever achieve a rating of Investment Grade or that any such rating will be maintained.

Provision of Financial Statements and Reports

So long as any of the Notes remain outstanding, the Company will provide to the Trustee and furnish to the Holders the following reports, in the English language:

(1) within 120 days after the end of the Company's fiscal year beginning with the first fiscal year ending after the Original Issue Date, the following information: (a) audited consolidated balance sheets of the Company as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Company for the two most recent fiscal years, including complete footnotes to such financial statements and the audit report of a member firm of an internationally recognized firm of independent accountants on the financial statements; and (b) an operating and financial review of the audited financial statements, including a discussion of the consolidated results of operations, financial condition, EBITDA and material changes in liquidity and capital resources of the Company, and a discussion of material recent developments, material commitments and contingencies and critical accounting policies;

(2) within 60 days following the end of the first three fiscal quarters in each fiscal year of the Company beginning with the quarter ending June 30, 2019, copies of its unaudited financial statements (on a consolidated basis), including a statement of income, balance sheet and cash flow statement, prepared on a basis consistent with the audited financial statements of the Company together with a certificate signed by the person then authorized to sign financial statements on behalf of the Company to the effect that such financial statements are true in all material respects and present fairly the financial position of the Company as at the end of, and the results of its operations for, the relevant quarterly period; and

(3) promptly after the occurrence of (i) any Material Acquisition or Disposition or restructuring or (ii) any other material event not in the ordinary course of business, that the Company or Restricted Subsidiary announces publicly, a report containing a description of such event.

The Company will also make copies of all such reports available on its website.

In addition, so long as any Note remains outstanding, the Company will provide to the Trustee (a) within 120 days after the close of each fiscal year, an Officer's Certificate stating the Fixed Charge Coverage Ratio and the Consolidated Priority Indebtedness Leverage Ratio with respect to the four most recent fiscal quarters and showing in reasonable detail the calculation of the Fixed Charge Coverage Ratio and the Consolidated Priority Indebtedness Leverage Ratio, including the arithmetic computations of each component of the Fixed Charge Coverage Ratio and the Consolidated Priority Indebtedness Leverage Ratio, together with a certificate from the Company's external auditors verifying the accuracy and correctness of the calculations and arithmetic computations made, *provided* that the Company will not be required to provide such auditor certification if its external auditors refuse to provide such certification as a result of any policy of such external auditors prohibiting such certification if in such case the Company delivers such certification from an alternative member firm of an internationally recognized firm of independent accountants with such Officer's Certificate; and (b) as soon as possible and in any event within 10 days after the Company becomes aware or should reasonably become aware of the occurrence of a Default, an Officer's Certificate setting forth the details of the Default, and the action which the Company proposes to take with respect thereto.

All historical financial statements shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement (or otherwise on the basis of IFRS as then in effect) and on a consistent basis for the periods presented; *provided* that the reports set forth in clauses (1) and (2) above may, in the event of a change in applicable IFRS, present earlier periods on the basis of IFRS that applied to such periods. If the Company elects to change IFRS to GAAP or GAAP to IFRS (in each case, as permitted by the definition of "IFRS"), then the Company shall present earlier periods included in any financial information required by clauses (1) and (2) of this covenant on or after the date of any such election in accordance with GAAP or IFRS, as applicable at the time of such presentation (either as in effect on the date of such report or financial statement or, at the Company's election, on the basis of GAAP or IFRS, as applicable, that applied to such periods).

At any time that any of the Company's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, would constitute a Significant Subsidiary of the Company, then the annual and quarterly financial information required by clauses (1) and (2) of this covenant shall include a summary presentation, either on the face of the financial statements or in the footnotes thereto or in the operating and financial review of the financial statements of the revenue, EBITDA, net income, cash, total assets, total debt, shareholders equity, capital expenditures and interest expense of such Unrestricted Subsidiaries.

Events of Default

The following events will be defined as "**Events of Default**" in the Indenture:

(1) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;

(2) default in the payment of interest (including Additional Amounts) on any Note when the same becomes due and payable, and such default continues for a period of 30 days;

(3) default in the performance or breach of the provisions of the covenants described under "*—Consolidation, Merger and Sale of Assets*," or the failure by the Company to make or consummate an Offer to Purchase in the manner described under "*—Repurchase of Notes Upon a Change of Control*" or "*—Certain Covenants—Limitation on Asset Sales*";

(4) the Company or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (1), (2) or (3) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the Notes;

(5) there occurs with respect to any Indebtedness of the Company or any Restricted Subsidiary having an outstanding principal amount of US$20.0 million (or the Dollar Equivalent thereof) or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or shall hereafter be created, (a) an event of default that results in such Indebtedness being due and payable prior to its Stated Maturity through the actions of the holders thereof or otherwise and/or (b) a default in payment of principal of, or interest or premium on, or any other amounts in respect of, such Indebtedness when the same becomes due and payable (following the expiry of any applicable grace period);

(6) one or more final judgments or orders for the payment of money are rendered against the Company or any Restricted Subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons (other than judgments or orders covered by indemnities provided by, or insurance policies issued by, reputable companies) to exceed US$20.0 million (or the Dollar Equivalent thereof) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

(7) an involuntary case or other proceeding is commenced against the Company or any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together as of the latest audited consolidated financial statements for the Company, would constitute a Significant Subsidiary, with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Restricted Subsidiary, or for any substantial part of the property and assets of the Company or any Restricted Subsidiary, and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or a final order for relief is entered against the Company or any Restricted Subsidiary, under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect; or

(8) the Company or any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together as of the latest audited consolidated financial statements for the Company, would constitute a Significant Subsidiary, (a) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (b) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Restricted Subsidiary or for all or substantially all of the property and assets of such entity or entities or (c) effects any general assignment for the benefit of creditors.

If an Event of Default (other than an Event of Default specified in clause (7) or (8) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written direction of such Holders shall (subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction), declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an Event of Default specified in clause (7) or (8) above occurs with respect to the Company or any Restricted Subsidiary, the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding shall

automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Holders of at least a majority in principal amount of the outstanding Notes by written notice to the Company and to the Trustee may on behalf of the Holders waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

(1) all existing Events of Default, other than the non-payment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived; and

(2) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or the Indenture, that may involve the Trustee (including any of its incorporators, stockholders, officers, directors or employees or controlling persons) in personal liability, or that the Trustee determines in good faith may be unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from Holders. In addition, the Trustee will not be required to act on the direction of the Holders unless it is indemnified and/or secured and/or pre-funded to its satisfaction.

A Holder may not institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture or the Notes, unless:

(1) the Holder has previously given the Trustee written notice of a continuing Event of Default;

(2) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;

(3) such Holder or Holders offer the Trustee indemnity and/or security and/or pre-funding satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such request;

(4) the Trustee does not comply with the request within (x) 60 days after receipt of the written request pursuant to clause (2) above or (y) 60 days after the receipt of the offer of indemnity and/or security and/or pre-funding pursuant to clause (3) above, whichever occurs later; and

(5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a written direction that is inconsistent with the request.

However, such limitations do not apply to the right of any Holder of a Note to receive payment of the principal of, premium, if any, or interest on, such Note, or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right shall not be impaired or affected without the consent of Holders holding not less than 90% of the then outstanding principal amount of the Notes.

Officers of the Company must certify to the Trustee in writing, on or before a date not more than 90 days after the end of each fiscal year, that a review has been conducted of the activities of the Company and the Restricted Subsidiaries and the Company's and the Restricted Subsidiaries' performance under the Indenture and that the Company have fulfilled all of their respective obligations thereunder, or, if there has been a default in the fulfilment of any such obligation, specifying each such default and the nature and status thereof. The Company will also be obligated to notify the Trustee in writing within 30 days of any default or defaults in the performance of any covenants or agreements under the Indenture as set forth under "*—Provision of Financial Statements and Reports*."

Consolidation, Merger and Sale of Assets

The Company will not directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Company is the surviving Person (a "**Surviving Person**")), or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(1) either: (a) the Company is the Surviving Person; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer,

conveyance, lease or other disposition has been made is an entity organized or existing under the laws of India, the United Kingdom, any member state of the European Union, Switzerland, Canada, Australia, Singapore, any state of the United States or the District of Columbia British Virgin Islands, Cayman Islands, Mauritius, Bermuda (each a "**Qualified Jurisdiction**");

(2) the Person formed by or surviving any such consolidation or merger with the Company (if other than the Company) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of the Company under the Indenture and the Notes, pursuant to the terms thereof;

(3) immediately after giving *pro forma* effect to such transaction or transactions, no Default or Event of Default exists;

(4) the Company or the Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made would, on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period (i) be permitted to incur at least US$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption "*—Certain Covenants—Limitation on Indebtedness*" or (ii) have a Fixed Charge Coverage Ratio no less than it was immediately prior to giving effect to such transaction;

(5) the Company shall deliver to the Trustee (x) an Officer's Certificate (attaching the arithmetic computations to demonstrate compliance with clause (4)) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and any relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with; and

(6) no Rating Decline shall have occurred.

In addition, the Company will not, directly or indirectly, lease all or substantially all of the properties and assets of it and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to any other Person.

This "Consolidation, Merger and Sale of Assets" covenant will not apply to (1) any sale or other disposition that complies with the "Limitation on Asset Sales" covenant, (2) any consolidation or merger of (a) any Restricted Subsidiary into the Company or (b) any Restricted Subsidiary into another Restricted Subsidiary, and (3) the Company consolidating into or merging or combining with an Affiliate incorporated or organized in a Qualified Jurisdiction for the purpose of changing the legal domicile of the Company, reincorporating the Company in another Qualified Jurisdiction or changing the legal form of the Company.

The foregoing provisions would not necessarily afford Holders protection in the event of highly leveraged or other transactions involving the Company that may adversely affect Holders.

No Payments for Consents

The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid or is paid to all Holders that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment. Notwithstanding the foregoing, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes in connection with an exchange or tender offer, the Company and any Restricted Subsidiary may exclude (i) Holders or beneficial owners of the Notes that are not "qualified institutional buyers" as defined under the Securities Act, and (ii) Holders or beneficial owners of the Notes in any jurisdiction where the inclusion of such Holders or beneficial owners would require the Company or any Restricted Subsidiary to comply with the registration requirements or other similar requirements under any securities laws of such jurisdiction, or the solicitation of such consent, waiver or amendment from, or the granting of such consent or waiver, or the approval of such amendment by, Holders or beneficial owners in such jurisdiction would be unlawful, in each case as determined by the Company in its sole discretion.

Defeasance

Defeasance and Discharge

The Indenture will provide that the Company will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below, and the provisions of

the Indenture will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies and to hold monies for payment in trust) if, among other things:

(1) the Company (a) has deposited with the Trustee, in trust, for the benefit of the Holders, cash in U.S. dollars, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes and (b) delivers to the Trustee an Opinion of Counsel or a certificate of an internationally recognized firm of independent accountants to the effect that the amount deposited by the Company is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity of such payment in accordance with the terms of the Indenture and an Opinion of Counsel to the effect that the Holders have a valid, perfected, exclusive Lien over such trust;

(2) the Company has delivered to the Trustee an Opinion of Counsel from a law firm of recognized international standing to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 123 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law;

(3) the Company shall have delivered to the Trustee an Officer's Certificate stating that the deposit was not made by it with the intent of preferring the Holders over any other of its creditors or with the intent of defeating, hindering, delaying or defrauding any other of its creditors or others; and

(4) immediately after giving effect to such deposit on a *pro forma* basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company or any of the Restricted Subsidiaries is a party or by which the Company or any of the Restricted Subsidiaries is bound.

Defeasance of Certain Covenants

The Indenture will further provide that the provisions of the Indenture will no longer be in effect with respect to clauses (4), (5)(x) and (6) under "*—Consolidation, Merger and Sale of Assets*" and all the covenants described herein under "*—Certain Covenants*," other than as described under "*—Certain Covenants—Government Approvals and Licenses; Compliance with Law*" and "*—Certain Covenants—Anti-Layering*," and clause (3) under "Events of Default" with respect to clauses (4),(5)(x) and (6) under "*—Consolidation, Merger and Sale of Assets*" and with respect to the other events set forth in such clause, clause (4) under "*—Events of Default*" with respect to such other covenants and clauses (5), (6), (7) and (8) under "*—Events of Default*" shall be deemed not to be Events of Default upon, among other things, the deposit in an account held by the Trustee, in trust, for the benefit of the Holders, of cash in U.S. dollars, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes, and the satisfaction of the provisions described in clause (2) of the preceding paragraph.

Defeasance and Certain Other Events of Default

In the event the Company exercises its option to omit compliance with certain covenants and provisions of the Indenture with respect to the Notes as described in the immediately preceding paragraph and the Notes are declared due and payable because of the occurrence of an Event of Default that remains applicable, the amount of cash in U.S. dollars and/or U.S. Government Obligations on deposit in the account described in the immediately preceding paragraph will be sufficient to pay amounts due on the Notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the Notes at the time of the acceleration resulting from such Event of Default. However, the Company will remain liable for such payments.

Amendments and Waiver

Amendments Without Consent of Holders

The Indenture and the Notes may be amended, without the consent of any Holder:

(1) to cure any ambiguity, defect, omission or inconsistency in the Indenture or the Notes;

(2) to comply with the provisions described under "*—Consolidation, Merger and Sale of Assets*";

(3) to evidence and provide for the acceptance of appointment by a successor Trustee;

(4) to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;

(5) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;

(6) to effect any changes to the Indenture in a manner necessary to comply with the procedures of the relevant clearing system;

(7) to conform the text of the Indenture or the Notes to any provision of this "Description of the Notes" to the extent that such provision in this "Description of the Notes" was intended to be a verbatim recitation of a provision of the Indenture or the Notes; or

(8) to make any other change that does not materially and adversely affect the rights of any Holder.

Amendments With Consent of Holders

Amendments of the Indenture and the Notes may be made by the Company and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, and the Holders of a majority in principal amount of the outstanding Notes may waive future compliance by the Company with any provision of the Indenture and the Notes; *provided,* however, that no such modification, amendment or waiver may, without the consent of Holders holding not less than 90% of the then outstanding principal amount of the Notes:

(1) change the Stated Maturity of the principal of, or any instalment of interest on, any Note;

(2) reduce the principal amount of, or premium, if any, or interest on, any Note;

(3) change the place, currency or time of payment of principal of, or premium, if any, or interest on, any Note;

(4) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note;

(5) reduce the above-stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend the Indenture;

(6) waive a default in the payment of principal of, premium, if any, or interest on the Notes;

(7) reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;

(8) reduce the amount payable upon a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from an Asset Sale or change the time or manner by which a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from an Asset Sale may be made or by which the Notes must be repurchased pursuant to a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from an Asset Sale;

(9) change the redemption date or the redemption price of the Notes from that stated under "*—Optional Redemption*" or "*—Redemption for Taxation Reasons*";

(10) amend, change or modify the obligation of the Company to pay Additional Amounts; or

(11) amend, change or modify any provision of the Indenture or the related definition affecting the ranking of the Notes in a manner which adversely affects the Holders.

Unclaimed Money

Claims against the Company for the payment of principal of, premium, if any, or interest, on the Notes will become void unless presentation for payment is made as required in the Indenture within a period of six years.

No Personal Liability of Incorporators, Stockholders, Officers, Directors or Employees

No recourse for the payment of the principal of, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company in the Indenture or in any of the Notes or because of the creation of any Indebtedness represented thereby, shall be had against any incorporator, stockholder, officer, director, employee or controlling person of the Company or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes. Such waiver may not be effective to waive liabilities under relevant laws.

Concerning the Trustee and the Agents

The Bank of New York Mellon, London Branch, is to be appointed as trustee and as paying agent (the " Paying Agent"), and The Bank of New York Mellon SA/NV, Luxembourg Branch is to be appointed as registrar (the "Registrar") and as transfer agent (the "Transfer Agent" and together with the Registrar and Paying Agent, the "Agents"), under the Indenture with regard to the Notes. Except during the continuance of a Default, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture and the Notes (as the case may be), and no implied covenant or obligation shall be read into the Indenture or the Notes (as the case may be) against the Trustee. If an Event of Default has occurred and is continuing, the Trustee will be required to use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture or the Notes (as the case may be) as a prudent person would exercise under the circumstances in the conduct of such person's own affairs. The Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any Holder, unless such Holder shall have offered to the Trustee indemnity and/or security or pre-funding satisfactory to it against any loss, liability or expense.

Book-Entry; Delivery and Form

The Notes will be represented by the Global Certificate in registered form without interest coupons attached. On the Original Issue Date, the Global Certificate will be deposited with a common depositary and registered in the name of the common depositary or its nominee for the accounts of Euroclear and Clearstream. The Notes will be issued only in fully registered form, without coupons, in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof.

Global Certificate

Ownership of beneficial interests in the Global Certificate (the "**book-entry interests**") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants.

Except as set forth below under "*—Individual Definitive Notes*," the book-entry interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge book-entry interests.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominee) will be considered the sole holder of the Global Certificate for all purposes under the Indenture and "holders" of book-entry interests will not be considered the owners or "Holders" of Notes for any purpose. As such, participants must rely on the procedures of Euroclear and Clearstream and indirect participants must rely on the procedures of the participants through which they own book-entry interests in order to transfer their interests in the Notes or to exercise any rights of Holders under the Indenture.

None of the Company, the Trustee, the Agents or any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the book-entry interests. The Notes are not issuable in bearer form.

Payments on the Global Certificate

Payments of any amounts owing in respect of the Global Certificate (including principal, premium, interest and additional amounts) will be made to the Paying Agent. The Paying Agent will, in turn, make such payments to the common depositary for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their procedures. The Company will make payments of all such amounts without deduction or withholding for, or on account of, any Taxes, except as may be required by law and as described under "*—Additional Amounts*."

Under the terms of the Indenture, the Company and the Trustee will treat the registered holder of the Global Certificate (i.e., the common depositary or its nominee) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Company, the Trustee, the Agents or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participants, or for maintaining, supervising or reviewing any of the records of

Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest; or

- Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of book-entry interests held through participants are the responsibility of such participants.

Redemption of the Global Certificate

In the event that the Global Certificate, or any portion thereof, is redeemed, the common depositary will distribute the amount received by it in respect of the Global Certificate so redeemed to Euroclear and/or Clearstream, as applicable, who will distribute such amount to the holders of the book-entry interests in such Global Certificate. The redemption price payable in connection with the redemption of such book-entry interests will be equal to the amount received by the common depositary, Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Certificate (or any portion thereof).

If less than all of the Notes are to be redeemed at any time, the Notes for redemption will be selected as follows:

(1) if the Notes are listed on any national securities exchange and/or are held through a clearing system, in compliance with the requirements of the principal national securities exchange on which the Notes are listed (if any) and/or the requirements of the clearing system; or

(2) if the Notes are not listed on any national securities exchange and/or are not held through the clearing systems, on a *pro rata* basis, by lot or by such other method as the Trustee in its sole and absolute discretion shall deem to be fair and appropriate, unless otherwise required by law.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised that they will take any action permitted to be taken by a Holder only at the direction of one or more participants to whose account the book-entry interests in the Global Certificate are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Certificate. If there is an Event of Default under the Notes, however, each of Euroclear and Clearstream reserves the right to exchange the Global Certificate for individual definitive notes in certificated form, and to distribute such individual definitive notes to their participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with the rules of Euroclear and Clearstream and will be settled in immediately available funds. If a Holder requires physical delivery of individual definitive notes for any reason, including to sell the Notes to persons in jurisdictions which require physical delivery of such securities or to pledge such securities, such Holder must transfer its interest in the Global Certificate in accordance with the applicable procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

Global Clearance and Settlement Under the Book-Entry System

Book-entry interests owned through Euroclear or Clearstream accounts will follow the applicable settlement procedures. Book-entry interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

The book-entry interests will trade through participants of Euroclear or Clearstream, and will settle in immediately available funds. Since the purchaser determines the place of delivery, it is important to establish at the time of trading of any book-entry interests where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Information Concerning Euroclear and Clearstream

We understand as follows with respect to Euroclear and Clearstream:

Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and

securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks and trust companies, and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Although the foregoing sets out the procedures of Euroclear and Clearstream in order to facilitate the original issue and subsequent transfers of interests in the Notes among participants of Euroclear and Clearstream, neither Euroclear nor Clearstream is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Company, the Trustee, the Agents or any of their respective agents will have responsibility for the performance of Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations, including, without limitation, rules and procedures relating to book-entry interests.

Individual Definitive Notes

If (1) the common depositary or any successor to the common depositary is at any time unwilling or unable to continue as a depositary for the reasons described in the Indenture and a successor depositary is not appointed by the Company within 90 days, (2) either Euroclear or Clearstream, or a successor clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so, or (3) any of the Notes has become immediately due and payable in accordance with "*—Events of Default*" and the Company has received a written request from a Holder, the Company will issue individual definitive notes in registered form in exchange for interests in the Global Certificate. Upon receipt of such notice from the common depositary, a Holder or the Trustee, as the case may be, the Company will use its best efforts to make arrangements with the common depositary for the exchange of interests in the Global Certificate for individual definitive notes and cause the requested individual definitive notes to be executed and delivered to the Registrar in sufficient quantities and authenticated by the Registrar for delivery to Holders. Persons exchanging interests in the Global Certificate for individual definitive notes will be required to provide the Registrar, through the relevant clearing system, with written instruction and other information required by the Company and the Registrar to complete, execute and deliver such individual definitive notes. In all cases, individual definitive notes delivered in exchange for any Global Certificate or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by the relevant clearing system.

Individual definitive notes will not be eligible for clearing and settlement through Euroclear or Clearstream.

Notices

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing and may be given or served by being sent by prepaid courier or by being deposited, first-class postage prepaid (if intended for the Company) addressed to the Company at its principal place of business, (if intended for the Trustee) at the corporate trust office of the Trustee, and (if intended for any Holder) addressed to such Holder at such Holder's last address as it appears in the Note register (or otherwise delivered to such Holders in accordance with applicable Euroclear or Clearstream procedures).

Any such notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of the relevant clearing system. Any such notice shall be deemed to have been delivered on the day such notice is delivered to the relevant clearing system or if by mail, when so sent or deposited.

Consent to Jurisdiction; Service of Process

The Company will irrevocably (1) submit to the non-exclusive jurisdiction of any U.S. federal or New York state court located in the Borough of Manhattan, The City of New York in connection with any suit, action or proceeding arising out of, or relating to, the Notes, the Indenture or any transaction contemplated thereby; and (2) designate and appoint Corporation Service Company at 1180 Avenue of the Americas, Suite 210, New York, NY, 10036 for receipt of service of process in any such suit, action or proceeding.

Governing Law

Each of the Notes and the Indenture provides that such instrument will be governed by, and construed in accordance with, the laws of the State of New York.

Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this "Description of the Notes" for which no definition is provided.

"**Acquired Indebtedness**" means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary assumed in connection with an Asset Acquisition by such Restricted Subsidiary whether or not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary.

"**Affiliate**" means, with respect to any Person, any other Person (1) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person; (2) who is a director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (1) of this definition; or (3) who is a spouse or any person cohabiting as a spouse, child or step child, parent or step parent, brother, sister, step brother or step sister, parent-in-law, grandchild, grandparent, uncle, aunt, nephew or niece of a Person described in clause (1) or (2). For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"**Applicable Redemption Premium**" means, with respect to any Note on any redemption date, the greater of:

(1) 1.0% of the principal amount of such Note; and

(2) the excess of:

  (a) the present value at such redemption date of: (x) the principal amount of such Notes; plus (y) all required interest payments that would otherwise be due to be paid on such Note during the period between the redemption date and March 5, 2022 (excluding accrued but unpaid interest), computed using a discount rate equal to the U.S. Treasury Rate at such redemption date plus 50 basis points; over

  (b) the outstanding principal amount of such Note.

"**Asset Acquisition**" means (1) an investment by the Company or any Restricted Subsidiary in any other Person pursuant to which such Person shall become a Restricted Subsidiary or shall be merged into or consolidated with the Company or any Restricted Subsidiary; or (2) an acquisition by the Company or any Restricted Subsidiary of the property and assets of any Person other than the Company or any Restricted Subsidiary that constitute substantially all of a division or line of business of such Person.

"**Asset Disposition**" means the sale or other disposition by the Company or any Restricted Subsidiary (other than to the Company or another Restricted Subsidiary) of (1) all or substantially all of the Capital Stock of any Restricted Subsidiary; or (2) all or substantially all of the assets that constitute a division or line of business of the Company or any Restricted Subsidiary.

"**Asset Sale**" means any sale, transfer or other disposition (including by way of merger, consolidation or Sale and Leaseback Transaction) of any of its property or assets (including any sale of Capital Stock of a Subsidiary or issuance of Capital Stock of a Restricted Subsidiary) in one transaction or a series of related transactions by the Company or any Restricted Subsidiary to any Person; *provided* that "Asset Sale" shall not include:

(1) sales or other dispositions of inventory, receivables and other assets in the ordinary course of business;

(2) sales, transfers or other dispositions of assets constituting a Permitted Investment or Restricted Payment permitted to be made by the covenant described under "*—Certain Covenants—Limitation on Restricted Payments";*

(3) sales, transfers or other dispositions of assets by the Company or any Restricted Subsidiary or sales of Capital Stock by the Company or issuances or sales of Capital Stock by any Restricted Subsidiary with a Fair Market Value not in excess of US$2.0 million (or the Dollar Equivalent thereof) in any transaction or series of related transactions;

(4) any sale, conveyance, transfer or other disposition of property or assets, or the issuance of securities, by a Restricted Subsidiary to the Company or by the Company or a Restricted Subsidiary to a Restricted Subsidiary which is otherwise permitted under the Indenture;

(5) any sale, transfer, assignment or other disposition of any property or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Company or the Restricted Subsidiaries;

(6) any transfer, assignment or other disposition deemed to occur in connection with creating or granting any Lien permitted by the Indenture;

(7) a transaction covered by the first paragraph of the covenant described under "*—Consolidation, Merger and Sale of Assets";*

(8) the sale or other disposition of cash or Temporary Cash Investments;

(9) the lease, license, assignment or sublease of any real or personal property in connection with the Permitted Business;

(10) any transfer, termination, unwinding or other disposition of Hedging Obligations in accordance with the terms thereof;

(11) Sale and Leaseback Transactions with respect to any property or assets within 180 days of the acquisition of such property or assets;

(12) any surrender, expiration or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business;

(13) the disposition of assets in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(14) licenses, sub-licenses, grants, assignments, leases and sub-leases (as lessee, sublessee, lessor, sublessor, licensee, sublicensee, licensor, sublicensor or grantee) of software, patents, trademarks, know-how or any other intellectual property, general intangibles or other property (including real or tangible property) in the ordinary course of business; or

(15) transfers resulting from any casualty or condemnation of property.

"**Attributable Indebtedness**" means, in respect of a Sale and Leaseback Transaction, the present value, discounted at the interest rate implicit in the Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in the Sale and Leaseback Transaction.

"**Average Life**" means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment of such Indebtedness and (b) the amount of such principal payment by (2) the sum of all such principal payments.

"**Board of Directors**" means the board of directors elected or appointed by the stockholders of the Company to manage the business of the Company and any committee of such board duly authorized to take the action purported to be taken by such committee.

"**Board Resolution**" means any resolution of the Board of Directors taking an action which it is authorized to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by a majority of the members of the Board of Directors.

"**Business Day**" means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in Singapore, the City of New York, London, Hong Kong or New Delhi (or in any other place in which payments on the Notes are to be made) are authorized or required by law or governmental regulation to close.

"**Capitalized Lease**" means, with respect to any Person, any lease of any property (whether real, personal or mixed) which, in conformity with IFRS as of the Original Issue Date, is required to be capitalized on the balance sheet of such Person.

"**Capitalized Lease Obligations**" means the discounted present value of the rental obligations under a Capitalized Lease.

"**Capital Stock**" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock, but excluding debt securities convertible into such equity.

"**Change of Control**" means the occurrence of one or more of the following events:

(1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets

of the Company and the Restricted Subsidiaries, taken as a whole, to any "person" within the meaning of Section 13(d) of the Exchange Act, other than to one or more Permitted Holders;

(2) the Company consolidates with, or merges with or into, any Person (other than one or more Permitted Holders), or any Person consolidates with, or merges with or into, the Company, other than any such transaction where holders of a majority of the Voting Stock of the Company, immediately prior to such transaction, hold securities of the surviving or transferee Person, immediately after such transaction, that represent at least a majority of the Voting Stock of such surviving or transferee Person and in substantially the same proportion as before such transaction;

(3) (a) the Permitted Holders are collectively the beneficial owners (as such term is used in Rule 13d-3 of the Exchange Act) of less than 26% of the total voting power of the Voting Stock of the Company; and (b) the Permitted Holders cease to possess, directly or indirectly, the power to direct or cause the direction of the management, the Board of Directors and/or the policies of the Company, whether through the ownership of Voting Stock, by contract or otherwise;

(4) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) other than the Permitted Holders is or becomes the "beneficial owner" (as such term is used in Rule 13d-3 of the Exchange Act), directly or indirectly, of more of the total voting power of the Voting Stock of the Company than is beneficially owned by the Permitted Holders; or

(5) the adoption of a plan relating to the liquidation or dissolution of the Company.

"**Clearstream**" means Clearstream Banking S.A.

"**Commodity Hedging Agreement**" means any spot, forward or option commodity price protection agreements or other similar agreement or arrangement designed to manage the costs of commodities or to protect against fluctuations in commodity prices.

"**Common Stock**" means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock or ordinary shares, whether or not outstanding at the date of the Indenture, and includes, without limitation, all series and classes of such common stock or ordinary shares.

"**Consolidated EBITDA**" means, with respect to any Person for any period, Consolidated Net Income of such Person for such period, plus (or, with respect to a gain, minus), to the extent such amount was deducted (or, in the case of a gain, included) in calculating such Consolidated Net Income:

(1) Consolidated Fixed Charges;

(2) provision for taxes based on income, profits or capital, including, without limitation, state, franchise, property and similar taxes and withholding taxes (including penalties and interest related to such taxes or arising from tax examinations);

(3) depreciation expense, amortization expense and all other non-cash items (including the amortization of intangible assets, deferred financing fees and amortization of unrecognized prior service costs) reducing Consolidated Net Income (other than non-cash items in a period which reflect cash expenses paid or to be paid in another period);

(4) any foreign currency translation losses (including losses related to currency remeasurements of Indebtedness) included in non-operating income and any foreign exchange losses resulting from the impact of foreign currency changes on the valuation of assets or liabilities on the balance sheet of the Company and its Restricted Subsidiaries;

(5) any losses attributable to termination of employee pension plans and other post-employment benefits;

(6) any gains or losses arising from the acquisition of any securities or extinguishment, repurchase, cancellation or assignment of Indebtedness;

(7) any unrealized gains or loss in respect of Hedging Obligations or other derivative instruments or forward contracts or any ineffectiveness recognized in earnings related to a qualifying hedge transaction or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;

(8) all proceeds actually received of business interruption insurance policies to the extent the related loss is not otherwise added back pursuant to this definition and to the extent that such reimbursement is not otherwise reflected in Consolidated Net Income; and

(9) expenses incurred by the Company or any Subsidiary to the extent reimbursed by a third-party and to the extent that such reimbursement is not otherwise reflected in Consolidated Net Income,

all as determined on a consolidated basis for such Person and its Restricted Subsidiaries in conformity with IFRS; *provided* that (i) if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, Consolidated EBITDA shall be reduced (to the extent not otherwise reduced in accordance with IFRS) by an amount equal to (A) the amount of the Consolidated Net Income attributable to such Restricted Subsidiary multiplied by (B) the percentage ownership interest in the income of such Restricted Subsidiary not owned on the last day of such period by the Company or any of the Restricted Subsidiaries; and (ii) notwithstanding the preceding, the provision for taxes based on the income or profits of, and the depreciation and amortization and other non-cash expenses of, a Restricted Subsidiary of a Person will be added to the Consolidated Net Income to compute Consolidated EBITDA of such person.

"**Consolidated Fixed Charges**" means, with respect to any Person for any period, the sum (without duplication) of (1) Consolidated Interest Expense for such period and (2) all cash and non-cash dividends paid, declared, accrued or accumulated during such period on any Disqualified Stock or Preferred Stock of such Person or any of its Restricted Subsidiaries, except for dividends payable in the Company's Capital Stock (other than Disqualified Stock).

"**Consolidated Interest Expense**" means, with respect to any Person for any period, the amount that would be included in gross interest expense (net of interest earned during such period on interest bearing securities held by the Company or any Restricted Subsidiary) on a consolidated income statement prepared in accordance with IFRS, for such period of such Person and its Restricted Subsidiaries, plus, to the extent not included therein, and to the extent incurred, accrued or payable during such period by such Person and its Restricted Subsidiaries, without duplication:

(1) interest expense attributable to Capitalized Lease Obligations;

(2) amortization of debt issuance costs and original issue discount expense and non-cash interest payments in respect of any Indebtedness;

(3) the interest portion of any deferred payment obligation;

(4) all discounts with respect to letters of credit or similar instruments issued for financing purposes or in respect of any Indebtedness;

(5) the net costs associated with Hedging Obligations (including the amortization of fees);

(6) interest accruing on Indebtedness of any other Person that is Guaranteed by, or secured by a Lien on any asset of, such Person or any of its Restricted Subsidiaries; and

(7) any capitalized interest (excluding any interest in respect of any Subordinated Shareholder Funding);

provided that interest expense attributable to interest on any Indebtedness bearing a floating interest rate will be computed on a *pro forma* basis as if the rate in effect on the date of determination had been the applicable rate for the entire relevant period.

"**Consolidated Net Income**" means, with respect to any Person for any period, the aggregate of the net income (or loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in conformity with IFRS; *provided* that the following items shall be excluded in computing Consolidated Net Income (without duplication):

(1) the net income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting except that, subject to the exclusion contained in clause (5) below, the Company's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution paid to a Restricted Subsidiary, to the limitations contained in clause (3) below);

(2) the net income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Company or any of the Restricted Subsidiaries or all or substantially all of the property and assets of such Person are acquired by the Company or any of the Restricted Subsidiaries;

(3) the net income (but not loss) of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such net income is not at the time

permitted by the operation of the terms of its charter, articles of association or other constitutive document or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary;

(4) the cumulative effect of a change in accounting principles;

(5) any net after tax gains realized on the sale or other disposition of (a) any property or asset of the Company or any Restricted Subsidiary that is not sold in the ordinary course of its business or (b) any Capital Stock of any Person (including any gains by the Company or a Restricted Subsidiary realized on sales of Capital Stock of the Company or of any Restricted Subsidiary);

(6) any translation gains and losses due solely to fluctuations in currency values and related tax effects;

(7) any extraordinary or exceptional gains or losses, charges or expenses;

(8) non-cash expenses attributable to movements in the mark-to-market valuation of Hedging Obligations; and

(9) amortization of or charges or expenses relating to deferred financing fees, debt issuance costs, commissions, fees and expenses, expensing of any bridge, commitment or other financing fees, and any non-cash interest expense or interest that was capitalized in respect of Subordinated Shareholder Funding.

"**Consolidated Net Worth**" means, at any date of determination, stockholders' equity as set forth on the most recently available semi-annual or annual consolidated balance sheet of the Company and the Restricted Subsidiaries, plus, to the extent not included, any Preferred Stock of the Company, less any amounts attributable to Disqualified Stock or any equity security convertible into or exchangeable for Indebtedness, the cost of treasury stock and the principal amount of any promissory notes receivable from the sale of the Capital Stock of the Company or any of the Restricted Subsidiaries, each item to be determined in conformity with IFRS.

"**Consolidated Priority Indebtedness Leverage Ratio**" means, on any Transaction Date, the ratio of (x) the aggregate principal amount of Priority Indebtedness outstanding on such Transaction Date, to (y) the aggregate amount of Total Assets.

"**Currency Hedging Agreement**" means any currency swap agreement, currency cap agreement, currency floor agreement, currency futures agreement, commodity option agreement or any other similar agreement or arrangement which may consist of one or more of the foregoing agreements, designed to manage, or protect against, fluctuations in currency prices currencies and currency risk.

"**Default**" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"**Disqualified Stock**" means any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed prior to the date that is 183 days after the Stated Maturity of the Notes, (2) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the date that is 183 days after the Stated Maturity of the Notes, or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above, or Indebtedness having a scheduled maturity prior to the date that is 183 days after the Stated Maturity of the Notes; *provided* that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring prior to the date that is 183 days after the Stated Maturity of the Notes shall not constitute Disqualified Stock if the "asset sale" or "change of control" provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in the "*—Certain Covenants—Limitation on Asset Sales*" and "*—Repurchase of Notes Upon a Change of Control*" covenants and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Company's repurchase of such Notes as are required to be repurchased pursuant to the covenants described under "*—Certain Covenants—Limitation on Asset Sales*" and "*—Repurchase of Notes Upon a Change of Control*."

"**Dollar Equivalent**" means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the noon buying rate for U.S. dollars in New York City for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York on the date of determination.

"**Equity Offering**" means any offering of the Common Stock (whether by way of an underwritten public offering or otherwise) of a Person (or, in the case of the Company, Common Stock of a Parent Entity of the Company formed after the Original Issue Date) after the Original Issue Date to any Person other than to an Affiliate of the Company or any Permitted Holder; *provided* that the aggregate gross cash proceeds received by such Person from such transaction (or, in the case of the Company, contributed to the Common Stock of the Company by such Parent Entity or provided to the Company pursuant to Subordinated Shareholder Funding) will be no less than US$20.0 million (or the Dollar Equivalent thereof).

"**Euroclear**" means Euroclear Bank SA/NV.

"**Exchange Act**" means the United States Securities Exchange Act of 1934, as amended.

"**Existing Notes Original Issue Date**" means October 6, 2016, the date on which the Company's 4.875% Senior Notes due 2021 were initially issued.

"**Fair Market Value**" means the price that would be paid in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination shall be conclusive if evidenced by a Board Resolution.

"**Fitch**" means Fitch Inc. and its successors.

"**Fixed Charge Coverage Ratio**" means, on any Transaction Date, the ratio of (1) the aggregate amount of Consolidated EBITDA for the then most recent four fiscal quarters prior to such Transaction Date for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may be internal consolidated financial statements) (the "**Four Quarter Period**") to (2) the aggregate Consolidated Fixed Charges during such Four Quarter Period. In making the foregoing calculation:

(1) *pro forma* effect shall be given to any Indebtedness Incurred, repaid or redeemed during the period (the "**Reference Period**") commencing on and including the first day of the Four Quarter Period and ending on and including the Transaction Date (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement (or under any predecessor revolving credit or similar arrangement) in effect on the last day of such Four Quarter Period), in each case as if such Indebtedness had been Incurred, repaid or redeemed on the first day of such Reference Period; *provided* that, in the event of any such repayment or redemption, Consolidated EBITDA for such period shall be calculated as if the Company or such Restricted Subsidiary had not earned any interest income actually earned during such period in respect of the funds used to repay or redeem such Indebtedness;

(2) Consolidated Interest Expense attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a *pro forma* basis and bearing a floating interest rate will be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Hedging Agreement applicable to such Indebtedness if such Interest Rate Hedging Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period;

(3) *pro forma* effect will be given to the creation, designation or redesignation of Restricted Subsidiaries and Unrestricted Subsidiaries as if such creation, designation or redesignation had occurred on the first day of such Reference Period;

(4) *pro forma* effect will be given to Asset Dispositions and Asset Acquisitions (including giving *pro forma* effect to the application of proceeds of any Asset Disposition) that occur during such Reference Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and

(5) *pro forma* effect will be given to Asset Dispositions and Asset Acquisitions (including giving *pro forma* effect to the application of proceeds of any Asset Disposition) that have been made by any Person that has become a Restricted Subsidiary or has been merged with or into the Company or any Restricted Subsidiary during such Reference Period and that would have constituted Asset Dispositions or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such asset dispositions or asset acquisitions were Asset Dispositions or Asset Acquisitions that occurred on the first day of such Reference Period;

provided that to the extent that clause (4) or (5) of this sentence requires that *pro forma* effect be given to an Asset Acquisition or Asset Disposition (or asset acquisition or asset disposition), such *pro forma* calculation will be based upon the four full fiscal quarters immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available.

"**Guarantee**" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment

thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided* that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"**Hedging Obligations**" of any Person means the obligations of such Person pursuant to any Commodity Hedging Agreement, Currency Hedging Agreement or Interest Rate Hedging Agreement.

"**Holder**" means the Person in whose name a Note is registered in the Note register.

"**IFRS**" means International Financial Reporting Standards (formerly International Accounting Standards). All ratios and computations contained or referred to in the Indenture shall be computed in conformity with IFRS applied on a consistent basis; *provided* that IFRS shall be fixed as of the Original Issue Date for purposes of determining whether a lease of any property (whether real, personal or mixed) is required to be capitalized on the balance sheet of a Person. At any date after the Original Issue Date the Company may make an election to establish that "IFRS" shall mean the generally accepted accounting principles adopted in the United States of America published by the Financial Accounting Standards Board or any successor Board or agency as in effect on the date of the Indenture and from time to time ("**GAAP**"), or following any such election to revert to the definition of IFRS as set forth in the preceding sentence, in each case with which the Company or its Restricted Subsidiaries are, or may be, required to comply.

"**Incur**" means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; *provided* that (1) any Indebtedness and Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of original issue discount, the accrual of interest, the accrual of dividends, the payment of interest in the form of additional Indebtedness and the payment of dividends on Preferred Stock in the form of additional shares of Preferred Stock (to the extent provided for when the Indebtedness or Preferred Stock on which such interest or dividend is paid was originally issued) will not be considered an Incurrence of Indebtedness. The terms "**Incurrence**" and "**Incurred**" have meanings correlative with the foregoing.

"**Indebtedness**" means, with respect to any Person at any date of determination (without duplication):

(1) all indebtedness of such Person for borrowed money;

(2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;

(4) all Capitalized Lease Obligations and Attributable Indebtedness;

(5) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person (other than Indebtedness of a JV Company that is secured by the Company or a Restricted Subsidiary solely with the Capital Stock in such JV Company held by the Company or Restricted Subsidiary); *provided* that the amount of such Indebtedness shall be the lesser of (a) the Fair Market Value of such asset at such date of determination and (b) the amount of such Indebtedness;

(6) all Indebtedness of other Persons Guaranteed by such Person to the extent such Indebtedness is Guaranteed by such Person;

(7) to the extent not otherwise included in this definition, Hedging Obligations;

(8) all Disqualified Stock issued by such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends; and

(9) any Preferred Stock issued by (a) such Person, if such Person is a Restricted Subsidiary or (b) any Restricted Subsidiary of such Person, valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends;

if and to the extent any of the preceding items (other than items described in clause (7) above) would appear as a liability on the Person's consolidated balance sheet (excluding the footnotes thereto) prepared in accordance with IFRS.

For the avoidance of doubt, Capital Stock with respect to which there is a mandatory put option granted to a Person that obligates the Company or any Restricted Subsidiary to repurchase the Capital Stock of any Restricted Subsidiary or any other Person shall be deemed to be Indebtedness.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation; *provided*

(1) that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with IFRS;

(2) that money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be deemed to be "Indebtedness" so long as such money is held to secure the payment of such interest; and

(3) that the amount of Indebtedness with respect to any Hedging Obligation shall be equal to the net amount payable if the Commodity Hedging Agreement, Currency Hedging Agreement or Interest Rate Hedging Agreement giving rise to such Hedging Obligation terminated at that time due to default by such Person.

For the avoidance of doubt, none of the following will constitute Indebtedness (i) obligations in respect of taxes, workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage taxes, (ii) obligations arising from the endorsement of negotiable instruments in the ordinary course of business, (iii) deposits and advance payments received in connection with the Permitted Business, and (iv) Subordinated Shareholder Funding.

Notwithstanding the foregoing, in connection with the purchase by the Company or any Restricted Subsidiary of any asset or property to be used in the ordinary course of business by the Company or any Restricted Subsidiary in the Permitted Business (including any such purchase through the acquisition of Capital Stock of any Person that owns such asset or property, which will, upon such acquisition, become a Restricted Subsidiary), the term "Indebtedness" will not include post-closing payment obligations of the Company or such Restricted Subsidiary to which the seller may become entitled to the extent the amount of such payment is determined by a final closing balance sheet, final reserve assessment or a similar report or document or such payment depends on the performance of such asset or property after the closing; *provided, however,* that, at the time of closing, the amount of any such payment obligation is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 180 days thereafter.

"**Interest Rate Hedging Agreement**" means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement designed to manage the interest component of financing cost or to protect against fluctuations in interest rates.

"**Investment**" means:

(1) any direct or indirect advance, loan or other extension of credit to another Person;

(2) any capital contribution to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others);

(3) any purchase or acquisition of Capital Stock (or options, warrants or other rights to acquire such Capital Stock), Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another Person; or

(4) any Guarantee of any obligation of another Person.

For the purposes of the provisions of the covenants described under "*—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries*" and "*—Certain Covenants— Limitation on Restricted Payments*": (1) the Company will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal to the Fair Market Value of the Company's direct or indirect proportionate interest in the assets (net of the liabilities owed to any Person other than the Company or a Restricted Subsidiary and that are not Guaranteed by the Company or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary calculated as of the time of such designation, and (2) any property transferred to or from any Person shall be valued at its Fair Market Value at the time of such transfer, as determined in good faith by the Board of Directors.

"**Investment Grade**" means a rating of "AAA," "AA," "A" or "BBB," as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest rating categories, by S&P or any of its successors or assigns, or a rating of "Aaa," or "Aa," "A" or "Baa," as modified by a "1," "2" or "3" indication, or an equivalent

rating representing one of the four highest rating categories, by Moody's or any of its successors or assigns, or a rating of "AAA," "AA," "A," "BBB," as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest rating categories, by Fitch or any of its successors or assigns, or the equivalent ratings of any internationally recognized rating agency or agencies, as the case may be, which shall have been designated by the Company as having been substituted for S&P, Moody's and/or Fitch, as the case may be.

"**JV Company**" means any Person in which the Company or a Restricted Subsidiary owns more than 10% and less than 50% of the Voting Stock, directly or indirectly, and has the right to participate in the management of such Person.

"**Lien**" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

"**Material Acquisition or Disposition**" means a transaction that would require the preparation of *pro forma* financial information pursuant to Rule 11-01(a) or (b) of Regulation S-X promulgated under the Securities Act, assuming that such Rule were applicable to the Company.

"**Moody's**" means Moody's Investors Service, Inc., a subsidiary of Moody's Corporation, and its successors.

"**Net Cash Proceeds**" means:

(1) with respect to any Asset Sale (other than the issuance or sale of Capital Stock), the proceeds of such Asset Sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of:

   (a) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale;

   (b) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Company and the Restricted Subsidiaries, taken as a whole;

   (c) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the property or assets sold or (y) is required to be paid as a result of such sale;

   (d) appropriate amounts to be provided by the Company or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with IFRS; and

   (e) all distributions and other payments required to be made to minority interest holders in Subsidiaries or JV Companies as a result of such Asset Sale or the distribution of proceeds from such Asset Sale made by a Subsidiary or a JV Company; and

(2) with respect to any Asset Sale consisting of the issuance or sale of Capital Stock, the proceeds of such issuance or sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"**Offer to Purchase**" means an offer to purchase Notes by the Company from the Holders commenced by the Company mailing a notice by first class mail, postage prepaid, to the Trustee, the Paying Agent and each Holder at its last address appearing in the Note register stating:

(1) the provision in the Indenture pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis;

(2) the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "**Offer to Purchase Payment Date**");

(3) that any Note not tendered will continue to accrue interest pursuant to its terms;

(4) that, unless the Company defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Offer to Purchase Payment Date;

(5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled "Option of the Holder to Elect Purchase" on the reverse side of the Note completed, to the Paying Agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;

(6) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased; and

(7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered; *provided* that each Note purchased and each new Note issued shall be in a principal amount of US$200,000 or any amount in excess thereof which is an integral multiple of US$1,000.

One Business Day prior to the Offer to Purchase Payment Date, the Company shall deposit with the Paying Agent money sufficient to pay the purchase price of all Notes or portions thereof to be accepted by the Company for payment on the Offer to Purchase Payment Date. On the Offer to Purchase Payment Date, the Company shall (a) accept for payment on a pro rata basis Notes or portions thereof tendered pursuant to an Offer to Purchase; and (b) deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officer's Certificate specifying the Notes or portions thereof accepted for payment by the Company. The Paying Agent shall promptly mail to the Holders of Notes so accepted payment in an amount equal to the purchase price, and upon receipt of written order of the Company signed by an Officer, the Registrar shall promptly authenticate and mail to such Holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; *provided* that each Note purchased and each new Note issued shall be in a principal amount of US$200,000 or any amount in excess thereof which is an integral multiple of US$1,000. The Company will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Company will comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that the Company is required to repurchase Notes pursuant to an Offer to Purchase.

The offer is required to contain or incorporate by reference information concerning the business of the Company and its Subsidiaries which the Company in good faith believes will assist such Holders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Company to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to Purchase.

"**Officer**" means an officer or director of the Company or, in the case of a Restricted Subsidiary, one of the directors or officers of such Restricted Subsidiary.

"**Officer's Certificate**" means a certificate signed by two Officers.

"**Opinion of Counsel**" means a written opinion from legal counsel which opinion is in form and substance reasonably acceptable to the Trustee and where applicable that meets any specific requirements set out in the Indenture; *provided* that legal counsel shall be entitled to rely on certificates of the Company and any Subsidiary of the Company as to matters of fact.

"**Original Issue Date**" means the date on which the Notes are initially issued under the Indenture.

"**Parent Entity**" of a Person means any other Person (other than a natural person) of which the first Person is a Subsidiary.

"**Permitted Business**" means any business conducted or proposed to be conducted (as described in this offering memorandum) by the Company and any Restricted Subsidiary on the date of the Indenture, or any investment in any businesses reasonably related, ancillary or complementary thereto.

"**Permitted Holders**" means any or all of the following:

(1) Mr. Shyam S. Bhartia and Mr. Hari S. Bhartia;

(2) any Affiliate, including any immediate family members, of either of the Persons specified in clause (1); and

(3) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned 80% or more by one or more of the Persons specified in clauses (1) and (2).

"**Permitted Investment**" means:

(1) any Investment in the Company or a Restricted Subsidiary that is primarily engaged in a Permitted Business or a Person which will, upon the making of such Investment, become a Restricted Subsidiary that is primarily engaged in a Permitted Business or will be merged or consolidated with or into, or transfer or convey all or substantially all its assets to, the Company or a Restricted Subsidiary that is primarily engaged in a Permitted Business;

(2) cash or Temporary Cash Investments;

(3) payroll, travel and similar advances made in the ordinary course of business to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with IFRS;

(4) any Investment pursuant to a Hedging Obligation entered into in the ordinary course of business (and not for speculation) designed solely to protect the Company against fluctuations in commodity prices, interest rates or foreign currency exchange rates;

(5) Investments consisting of consideration received in connection with an Asset Sale and made in compliance with, the covenant described under "*—Certain Covenants—Limitation on Asset Sales*";

(6) loans or advances to vendors, contractors, suppliers, distributors or service providers, including advance payments for equipment and machinery made to the manufacturer or supplier thereof, of the Company or any Restricted Subsidiary in the ordinary course of business and dischargeable in accordance with customary trade terms;

(7) Investments in existence on the Original Issue Date, and any Investment consisting of an extension of the term or renewal of any Investment existing on, or made pursuant to a binding commitment existing on the Original Issue Date, in each case where such investments are described in this offering memorandum on the Original Issue Date;

(8) any Investments received in compromise, resolution or satisfaction of (a) obligations of trade creditors or customers that were incurred in connection with the Permitted Business, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer or (b) litigation, arbitration or other disputes with Persons who are not Affiliates;

(9) loans or advances to employees made in the ordinary course of business in an aggregate principal amount not to exceed US$5.0 million (or the Dollar Equivalent thereof) at any one time outstanding;

(10) repurchases of the Notes;

(11) Investments consisting of the licensing or contribution of intellectual property pursuant to joint marketing arrangements with other Persons;

(12) Investments consisting of endorsement of negotiable instruments and documents in the ordinary course of business;

(13) notes payable, receivables, trade credits or other current assets owing to the Company or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;

(14) (i) pledges or deposits made in the ordinary course of business with respect to leases or utility contracts or (ii) Investments consisting of earnest money deposits or escrowed money required in connection with any acquisition, joint venture or acquisition of assets not otherwise prohibited by the Indenture; and

(15) an acquisition of assets used in a Permitted Business or Capital Stock in a Person engaged in a Permitted Business by the Company or a Subsidiary for consideration to the extent such consideration consists solely of Common Stock (other than Disqualified Stock) of the Company.

"**Permitted Liens**" means:

(1) Liens for taxes, assessments, governmental charges or claims that are being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with IFRS shall have been made;

(2) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, repairmen or other similar Liens arising in the ordinary course of business and with respect to amounts not yet

delinquent or being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with IFRS shall have been made;

(3) Liens incurred or deposits made to secure (i) the performance of tenders, bids, leases, statutory or regulatory obligations, bankers' acceptances, completion guarantees, surety and appeal bonds, government contracts, performance and return-of-money bonds; (ii) reimbursement obligations with respect to letters of credit, performance and surety bonds and completion guarantees and other obligations of a similar nature; (iii) liability for premiums to insurance carriers; and (iv) posted cash as collateral for guarantees (in each case, incurred in the ordinary course of business and exclusive of obligations for the payment of borrowed money);

(4) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Company and the Restricted Subsidiaries, taken as a whole;

(5) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person (i) becomes a Restricted Subsidiary or (ii) is merged with or into or consolidated with the Company or any Restricted Subsidiary; *provided* that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets of such Person (if such Person becomes a Restricted Subsidiary) or the property or assets acquired by the Company or such Restricted Subsidiary (if such Person is merged with or into or consolidated with the Company or such Restricted Subsidiary); *provided further* that such Liens were not created in contemplation of or in connection with the transactions or series of transactions pursuant to which such Person became a Restricted Subsidiary; *provided further* that such Liens shall not include Liens incurred under clause (25) of this definition;

(6) Liens in favor of the Company;

(7) Liens arising from the rendering of a final judgment or order against the Company or any Restricted Subsidiary that do not give rise to an Event of Default;

(8) Liens securing reimbursement obligations with respect to letters of credit, performance and surety bonds and completion guarantees that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;

(9) Liens existing on the Original Issue Date;

(10) Liens securing Indebtedness which is Incurred to refinance secured Indebtedness which is permitted to be Incurred under clause (2)(d) of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*"; *provided* that in the case of Indebtedness described under clauses (2)(d)(i)(A) and (2)(d)(i)(B), such Liens do not (i) extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced; and (ii) rank higher in priority than the Liens on such property or assets securing the secured Indebtedness being refinanced, whether by priority of such Lien or the priority of payment on enforcement of such Lien;

(11) Liens securing Hedging Obligations permitted to be Incurred under clause (2)(e) of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*," *provided* that (i) Indebtedness relating to any such Hedging Obligation is, and is permitted under the covenant described under "*—Certain Covenants—Limitation on Liens*" to be, secured by a Lien on the same property securing such Hedging Obligation or (ii) such Liens are encumbering customary initial deposits or margin deposits or are otherwise within the general parameters customary in the industry and incurred in the ordinary course of business;

(12) Liens securing the Notes (including any Additional Notes issued in accordance with the Indenture);

(13) Liens securing Attributable Indebtedness that is permitted to be Incurred under the Indenture;

(14) Liens securing Permitted Priority Indebtedness;

(15) Liens securing Permitted Working Capital Indebtedness;

(16) Liens securing Permitted Secured Company Indebtedness;

(17) leases and licenses of intellectual property that do not materially interfere with the ordinary course of business of the Company and the Restricted Subsidiaries, taken as a whole;

(18) Liens on deposits securing trade letters of credit (and reimbursement obligations relating thereto) incurred in the ordinary course;

(19) survey exceptions, easements or reservations of, or rights of others for, licenses, rights-of-way, leases, sewers, electric lines, gas lines, telegraph and telephone lines and other similar purposes, or zoning or other

restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(20) security provided, or caused to be provided in the ordinary course of business (and not in connection with the borrowing of money or the obtaining of credit) to a public utility or any municipality or governmental or other public authority when required by such utility or municipality or governmental or other authority in connection with the operations of the Company and its Restricted Subsidiaries;

(21) Liens incurred or pledges or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security and employee health and disability benefits;

(22) Liens arising out of conditional sale, title retention consignment or similar arrangements for the sale of goods entered into by the Company or any Restricted Subsidiary in the ordinary course of business in accordance with past practice;

(23) bankers' Liens, rights of setoff and other similar Liens existing solely with respect to cash and cash equivalents on deposit in one or more accounts maintained by the Company granted in the ordinary course of business in favor of the bank or banks with which such accounts are maintained, securing amounts owing to such bank with respect to cash management and operating account arrangements, including those involving pooled accounts, netting arrangements or sweep accounts; *provided* that, unless such Liens are non-consensual and arise by operation of law, in no case shall any such Liens secure (directly or indirectly) the repayment of any Indebtedness;

(24) Liens (unless such Liens are non-consensual) relating to purchase orders and other agreements entered into with customers of the Company or any Restricted Subsidiary in the ordinary course of business;

(25) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(26) Liens (unless such Liens are non-consensual) on equipment of the Company or any Restricted Subsidiary and located on the premises of any client or supplier in the ordinary course of business;

(27) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure obligations of such Unrestricted Subsidiary;

(28) Liens on assets or securities deemed to arise in connection with and solely as a result of the execution, delivery or performance of contracts to sell such assets or securities if such sale is otherwise permitted by the Indenture;

(29) Liens in connection with any disposition of Capital Stock of a Restricted Subsidiary pursuant to regulatory or shareholding requirements, including, without limitation, the ability to enter into put or call arrangements with third parties; and

(30) Liens incurred in the ordinary course of business of the Company or any Restricted Subsidiary not otherwise described in the foregoing clauses with respect to obligations that in the aggregate do not exceed US$2.0 million outstanding at any given time.

"**Permitted Parent Payments**" means, without duplication as to amounts, any payment of dividends, other distributions or other amounts or the making of loans or advances by the Company or any Restricted Subsidiary to any Parent Entity of the Company for the purposes set forth below:

(1) to pay accounting, legal, administrative and other general corporate and overhead expenses, any taxes and other fees and expenses required to maintain such Parent Entity's corporate existence and to provide for other ordinary course operating costs, including customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, officers and employees of such Parent Entity to pay fees and expenses incurred in the ordinary course of business to auditors and legal advisors and to pay reasonable directors' fees and directors' and officers' liability insurance premiums and to reimburse reasonable out of pocket expenses of the board of directors of such Parent Entity and to pay fees and expenses, as incurred, of an offering of such Parent Entity's securities or Indebtedness, or of an acquisition, in each case, where the proceeds of such offering or such acquisition, as the case may be, were intended to be contributed to or combined with the Company or any Restricted Subsidiary;

(2) costs (including all professional fees and expenses) incurred by any Parent Entity of the Company in connection with reporting obligations under or otherwise incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock

exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Company or any Restricted Subsidiary;

(3) to pay, without duplication, any income taxes, to the extent such income taxes are attributable to the income of the Company and the Restricted Subsidiaries and, to the extent of the amount actually received by the Company in cash from its Unrestricted Subsidiaries, in amounts required to pay such taxes to the extent attributable to the income of such Unrestricted Subsidiaries; and

(4) otherwise in an aggregate amount not to exceed US$1.0 million (or the Dollar Equivalent thereof) in any calendar year.

"**Permitted Priority Indebtedness**" means any Priority Indebtedness; *provided* that, on the date of Incurrence of such Indebtedness, and after giving pro forma effect thereto and the application of the proceeds thereof, the Consolidated Priority Indebtedness Leverage Ratio would be no greater than 0.2 to 1.0.

"**Permitted Secured Company Indebtedness**" means any Secured Company Indebtedness; *provided* that, on the date of Incurrence of such Indebtedness, and after giving pro forma effect thereto and the application of the proceeds thereof, the aggregate principal amount of all outstanding Secured Company Indebtedness will not exceed US$10.0 million.

"**Person**" means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

"**Preferred Stock**" as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its term is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"**Priority Indebtedness**" means (i) any Indebtedness of any Restricted Subsidiary and (ii) any Secured Indebtedness, but in each case excluding the amount of any Indebtedness of any Restricted Subsidiary Incurred pursuant to clauses (2)(c), (2)(e) and (2)(f) of the covenant described under "—Certain Covenants—Limitation on Indebtedness."

"**Rating Agencies**" means (1) S&P, (2) Moody's and (3) Fitch; provided that if S&P, Moody's, Fitch, two of any of the three or all three of them will not make a rating of the Notes publicly available, one or more nationally recognized statistical rating organizations (as defined in Section 3(a)(62) under the Exchange Act), as the case may be, selected by the Company, which shall be substituted for S&P, Moody's, Fitch, two of any of the three or all three of them, as the case may be.

"**Rating Category**" means (1) with respect to S&P, any of the following categories: "BB," "B," "CCC," "CC," "C" and "D" (or equivalent successor categories); (2) with respect to Moody's, any of the following categories: "Ba," "B," "Caa," "Ca," "C" and "D" (or equivalent successor categories); (3) with respect to Fitch, any of the following categories: "BB," "B," "CCC," "CC," "C" and "D" (or equivalent successor categories); and (4) the equivalent of any such category of S&P, Moody's or Fitch used by another Rating Agency. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories ("+" and "-" for S&P; "1," "2" and "3" for Moody's; "+" and "-" for Fitch; or the equivalent gradations for another Rating Agency) will be taken into account (*e.g.*, with respect to S&P, a decline in a rating from "BB+" to "BB," as well as from "BB-" to "B+," will constitute a decrease of one gradation).

"**Rating Date**" means in connection with actions contemplated under "—Consolidation, Merger and Sale of Assets," that date which is 90 days prior to the earlier of (x) the occurrence of any such actions as set forth therein and (y) a public notice of the occurrence of any such actions.

"**Rating Decline**" means in connection with actions contemplated under "—Consolidation, Merger and Sale of Assets," the notification by any of the Rating Agencies that such proposed actions will result in any of the events listed below:

(1) in the event the Notes are rated by two or more of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by any of such Rating Agencies shall be below Investment Grade;

(2) in the event the Notes are rated by one, and only one, of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by such Rating Agency shall be below Investment Grade; or

(3) in the event the Notes are rated below Investment Grade by all of the Rating Agencies (or the sole Rating Agency) on the Rating Date, the rating of the Notes by any Rating Agency shall be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories).

"**Replacement Assets**" means, on any date: (i) property or assets (other than current assets) of a nature or type or that are used in a Permitted Business, (ii) other assets that are not classified as current assets under IFRS but are used or useful in a Permitted Business and (iii) Capital Stock of any Person holding such property or assets, which is primarily engaged in a Permitted Business and will upon the acquisition by the Company or any Restricted Subsidiary of such Capital Stock, become a Restricted Subsidiary.

"**Restricted Subsidiary**" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"**S&P**" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors.

"**Sale and Leaseback Transaction**" means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Company or any Restricted Subsidiary transfers such property to another Person and the Company or any Restricted Subsidiary leases it from such Person.

"**Secured Company Indebtedness**" means any Indebtedness of the Company secured by a Lien.

"**Secured Indebtedness**" means any Indebtedness of the Company or a Restricted Subsidiary secured by a Lien.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended.

"**Senior Indebtedness**" of the Company or a Restricted Subsidiary, as the case may be, means all Indebtedness of the Company or the Restricted Subsidiary, as relevant, whether outstanding on the Original Issue Date or thereafter created, except for Indebtedness which, in the instrument creating or evidencing the same, is expressly stated to be subordinated in right of payment to the Notes; *provided* that Senior Indebtedness does not include (1) any obligation to the Company or any Restricted Subsidiary, (2) Trade Payables or (3) Indebtedness Incurred in violation of the Indenture.

"**Significant Subsidiary**" means any Restricted Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated under the Securities Act, as such regulation is in effect on the Original Issue Date.

"**Stated Maturity**" means, (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final instalment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (2) with respect to any scheduled instalment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such instalment is due and payable as set forth in the documentation governing such Indebtedness, and shall not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"**Subordinated Indebtedness**" means any Indebtedness of the Company that is contractually subordinated or junior in right of payment to the Notes pursuant to a written agreement to such effect.

"**Subordinated Shareholder Funding**" means, collectively, any funds provided to the Company by (or any other debt obligations of the Company for borrowed money owed to) any Parent Entity of the Company, any Affiliate of any such Parent Entity, any Permitted Holder or any other holder of Capital Stock of any such Parent Entity or any Affiliate thereof, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided* that such Subordinated Shareholder Funding:

(1) does not (including upon the happening of any event) mature or require any amortization or other payment of principal prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of any such security or instrument for Capital Stock (other than Disqualified Stock) or for any other security or instrument meeting the requirements of the definition);

(2) does not (including upon the happening of any event) require the payment of cash interest prior to the first anniversary of the Stated Maturity of the Notes;

(3) does not (including upon the happening of any event) provide for the acceleration of its maturity or confer on its shareholders any right (including upon the happening of any event) to declare a default or event of default or take any enforcement action, in each case, prior to the first anniversary of the Stated Maturity of the Notes;

(4) is not secured by a Lien on any assets of the Company or a Restricted Subsidiary and is not guaranteed by any Subsidiary of the Company;

(5) is contractually subordinated or junior in right of payment to the prior payment in full of the Notes in the event of any Default, bankruptcy, reorganization, liquidation, winding up or other disposition of assets of the Company pursuant to a written agreement to such effect;

(6) does not (including upon the happening of any event) restrict the payment of amounts due in respect of the Notes or compliance by the Company with its obligations under the Notes or the Indenture;

(7) does not (including upon the happening of an event) constitute Voting Stock; and

(8) is not (including upon the happening of any event) mandatorily convertible or exchangeable, or convertible or exchangeable at the option of the holder thereof, in whole or in part, prior to the date on which the Notes mature, other than into or for Common Stock (other than Disqualified Stock) of the Company.

"**Subsidiary**" means, with respect to any Person, any corporation, association or other business entity of which more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person.

"**Temporary Cash Investment**" means any of the following:

(1) direct obligations of the United States of America, Hong Kong, Singapore, a member state of the European Union, Canada or the Republic of India, or, in each case, any agency of either of the foregoing or obligations fully and unconditionally Guaranteed by such country or any agency of the foregoing, in each case maturing within one year;

(2) demand or time deposit accounts, certificates of deposit and money market deposits maturing within one year of the date of acquisition thereof issued by a bank, trust company or other financial institution that is organized under the laws of the United States of America or India or any other bank, trust company or financial institution which is authorized to carry on business in India and which bank, trust company or financial institution (x) has capital, surplus and undivided profits aggregating in excess of US$100.0 million (or the Dollar Equivalent thereof) and (y) has outstanding debt which is rated "A" or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Section 3(a)(62) under the Exchange Act);

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank or trust company meeting the qualifications described in clause (2) above;

(4) commercial paper, maturing not more than one year after the date of acquisition thereof, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America or India or any other bank, trust company or financial institution which is authorized to carry on business in India with a rating at the time as of which any investment therein is made of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P or Fitch;

(5) securities with maturities of one year or less from the date of acquisition thereof, issued or fully and unconditionally Guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, rated at least "A" by S&P, Moody's or Fitch;

(6) any money market fund that has at least 95% of its assets continuously invested in investments of the types described in clauses (1) through (5) above; and

(7) demand or time deposit accounts, certificates of deposit and money market deposits, bankers acceptances, in each case, in the ordinary course of business and with maturities not exceeding one year from the date of acquisition, with any lender party to a credit facility with the Company or any Restricted Subsidiary or, solely in the ordinary course of business of the Company or the relevant Restricted Subsidiary, with a commercial bank having capital and surplus in excess of US$100.0 million (or the Dollar Equivalent thereof) and located in the jurisdiction where the Company or such Restricted Subsidiary is conducting business.

"**Total Assets**" means, as of any date, the total consolidated assets of the Company and the Restricted Subsidiaries measured in accordance with IFRS as of the last date of the most recent fiscal quarter for which consolidated financial statements of the Company (which the Company will use its reasonable best efforts to compile in a timely manner) are available (which may be internal consolidated financial statements).

"**Total Revenue**" means the aggregate amount of consolidated revenue, determined in conformity with IFRS, for the then most recent four fiscal quarters for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may be internal consolidated financial statements).

"**Trade Payables**" means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services and, unless the amount payable under such indebtedness or obligation is being contested or disputed by such Person in good faith, payable within 180 days.

"**Transaction Date**" means, with respect to the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred and, with respect to any Restricted Payment, the date such Restricted Payment is to be made.

"**Unrestricted Subsidiary**" means (1) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided in the Indenture and (2) any Subsidiary of an Unrestricted Subsidiary.

"**U.S. Government Obligations**" means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally Guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof at any time prior to the Stated Maturity of the Notes, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

"**U.S. Treasury Rate**" means, as of any redemption date, the yield to maturity as of the earlier of (a) such redemption date or (b) the date on which such Notes are defeased or satisfied and discharged, of the most recently issued United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to such date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to March 5, 2022; *provided, however,* that if the period from the redemption date to March 5, 2022, is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used. Any such Treasury Rate shall be obtained by the Company.

"**Voting Stock**" means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

"**Wholly Owned**" means, with respect to any Restricted Subsidiary, the ownership of all of the outstanding Capital Stock of such Subsidiary (other than any director's qualifying shares or Investments by foreign nationals mandated by applicable law) by the Company or one or more Wholly Owned Subsidiaries of the Company.

TAXATION

The information provided below does not purport to be a comprehensive description of all tax considerations that may be relevant to a decision to purchase Notes. In particular, the information does not consider any specific facts or circumstances that may apply to a particular purchaser. Neither these statements nor any other statements in this Offering Memorandum are to be regarded as advice on the tax position of any holder of Notes or of any person acquiring, selling or otherwise dealing in securities or on any tax implications arising from the acquisition, sale of or other dealings in Notes. The statements do not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in Notes) may be subject to special rules.

Prospective purchasers of Notes are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of Notes, including the effect of any applicable tax laws of Singapore or any political sub division thereof. Additionally, in view of the number of different jurisdictions where local laws may apply, this Offering Memorandum does not discuss the local tax consequences to a potential holder arising from the acquisition, holding or disposition of the Notes. Prospective investors must, therefore, inform themselves as to any tax laws and regulations in force relating to the purchase, holding or disposition of the Notes in their country of residence and in the countries of which they are citizens or in which they purchase, hold or dispose of Notes.

Singapore Taxation

The statements made herein regarding taxation are general in nature and based on certain aspects of the tax laws of Singapore and administrative guidelines and circulars issued by the relevant authorities in force as of the date of this Offering Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or in the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retrospective basis. The statements made herein do not purport to be a comprehensive or exhaustive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Notes are advised to consult their own tax advisers as to the Singapore or other tax consequences of the acquisition, ownership or disposition of the Notes including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasized that none of the Company, the Joint Lead Managers, and any other persons involved in this Offering Memorandum accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

Interest and other payments

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act (Chapter 134 of Singapore) (the "**ITA**"), the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15% final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17%. The current applicable rate for non-resident individuals is 22%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15% The rate of 15 percent may be reduced by applicable tax treaties.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after January 1, 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after February 17, 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after February 15, 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

References to "break cost", "prepayment fee" and "redemption premium" in this Singapore tax disclosure have the same meaning as defined in the ITA and are defined in the ITA as follows:

(a) "break cost" means, in relation to debt securities, qualifying debt securities or qualifying project debt securities, any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

(b) "prepayment fee" means, in relation to debt securities, qualifying debt securities or qualifying project debt securities, any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

(c) "redemption premium" means, in relation to debt securities, qualifying debt securities or qualifying project debt securities, any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

As the issue of the Notes is jointly lead-managed by DBS Bank Ltd., J.P. Morgan (S.E.A.) Limited and UBS AG Singapore Branch, of which DBS Bank Ltd., and UBS AG Singapore Branch are each a Financial Sector Incentive (Standard Tier) Company (as defined in the ITA), the Notes issued as debt securities during the period from the date of this Offering Memorandum to December 31, 2023 would be, pursuant to the ITA and the Income Tax (Qualifying Debt Securities) Regulations, "qualifying debt securities" for the purposes of the ITA and the Monetary Authority of Singapore ("**MAS**") circular FDD Cir 11/2018 entitled "Extension of Tax Concessions for Promoting the Debt Market" issued by the MAS on May 31, 2018, to which the following treatments shall apply:

(a) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Company, or such other person as the MAS may direct, of a return on debt securities for the Notes within such period as the MAS may specify and such other particulars in connection with the Notes as the MAS may require to the MAS and the inclusion by the Company in all offering documents relating to the Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Notes using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Specified Income**") from the Notes paid by the Company and derived by a holder who is not resident in Singapore and who (i) does not have any permanent establishment in Singapore or (ii) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Notes are not obtained from such operation through a permanent establishment in Singapore, are exempt from Singapore income tax;

(b) subject to certain conditions having been fulfilled (including the furnishing by the Company, or such other person as the MAS may direct, of a return on debt securities for the Notes within such period as the MAS may specify and such other particulars in connection with the Notes as the MAS may require to the MAS), Specified Income from the Notes paid by the Company and derived by any company or body of persons (as defined in the ITA) in Singapore is generally subject to income tax at a concessionary rate of 10%; and

(c) subject to:

  (i) the Company including in all offering documents relating to the Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) derived from the Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

  (ii) the Company, or such other person as the MAS may direct, furnishing to the MAS a return on debt securities for the Notes within such period as the MAS may specify and such other particulars in connection with the Notes as the MAS may require,

payments of Specified Income derived from the Notes are not subject to withholding of tax by the Company.

However, notwithstanding the foregoing:

(a) if during the primary launch of the Notes, the Notes are issued to fewer than four (4) persons and 50% or more of the issue of the Notes is held beneficially or funded, directly or indirectly, by a related party or related parties of the Company, the Notes would not qualify as "qualifying debt securities" and

(b) even though the Notes are "qualifying debt securities", if, at any time during the tenure of the Notes, 50% or more of the issue of the Notes which are outstanding at any time during the life of their issue is held beneficially or funded, directly or indirectly, by any related party(ies) of the Company, Specified Income derived from the Notes held by:

    (i) any related party of the Company; or

    (ii) any other person who acquires the Notes with funds obtained, directly or indirectly, from any related party of the Company,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "related party", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from the Notes by any person who is not tax resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for "qualifying debt securities" should not apply if such person acquires the Notes with funds from the Singapore operations.

Notwithstanding that the Company is permitted to make payments of Specified Income in respect of the Notes without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose Specified Income (whether it is interest, discount income, prepayment fee, redemption premium or break cost) derived from the Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

Capital Gains

Singapore does not impose tax on capital gains. Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

There are no specific laws or regulations which deal with the characterization of capital gains. The characterization of the gains arising from a sale of the Notes will depend on the individual facts and circumstances relating to that sale of the Notes.

Holders of the Notes who apply or are required to apply Singapore Financial Reporting Standard 39—Financial Instruments: Recognition and Measurement ("**FRS 39**") or Singapore Financial Reporting Standard 109—Financial Instruments ("**FRS 109**") or Singapore Financial Reporting Standard (International) 9 ("SFRS(I) 9") (as the case may be) for Singapore income tax purposes may be required to recognize gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be). Please see the section below on "*—Adoption of FRS 39, FRS 109 or SFRS(I) 9 Treatment for Singapore Income Tax Purposes*".

Adoption of FRS 39, FRS 109 or SFRS(I) 9 Treatment for Singapore Income Tax Purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and "opt-out" provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The Inland Revenue Authority of Singapore ("**IRAS**") has issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39—Financial Instruments: Recognition and Measurement".

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after January 1, 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 (as the case may be) for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS has also issued a circular entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109—Financial Instruments".

Holders of the Notes who may be subject to the tax treatment under sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after February 15, 2008.

PLAN OF DISTRIBUTION

Each of the Joint Lead Managers has, pursuant to and subject to the terms and conditions set forth in a purchase agreement (the "**Purchase Agreement**") to be dated as of the date of this Offering Memorandum, severally agreed to subscribe or procure subscribers for the respective principal amount of Notes set out opposite its name below, subject to the provisions of the Purchase Agreement.

Name of Joint Lead Managers	Amount (US$)
DBS Bank Ltd.	66,667,000
J.P. Morgan (S.E.A.) Limited	66,667,000
UBS AG Singapore Branch	66,666,000
Total	**200,000,000**

We will be paying a fee to the Joint Lead Managers and will reimburse the Joint Lead Managers in respect of certain of their expenses. We have also agreed to indemnify the Joint Lead Managers against certain liabilities, including liabilities under the Securities Act, and will contribute to payments that the Joint Lead Managers may be required to make in respect thereof. The Purchase Agreement may be terminated in certain circumstances prior to payment of the issue price to us.

Investors who purchase Notes from the Joint Lead Managers may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the offering price set forth on the cover page of this Offering Memorandum.

We have agreed that, for a period of 90 days from the date of the Purchase Agreement, we will not, directly or indirectly, sell, offer to sell, contract to sell, grant any option to purchase, issue any instrument convertible into or exchangeable for, or otherwise transfer or dispose of (or enter into any transaction or device which is designed to, or could be expected to, result in the disposition in the future of), any of our debt securities with terms substantially similar (including having equal rank) to the Notes (other than the Notes), except with the prior consent of the Joint Lead Managers.

We expect that delivery of the Notes will be made against payment therefor on or about March 5, 2019, which we expect will be the third business day following the pricing date of the Notes (this settlement cycle being referred to as "T+3"). Under Rule 15c6-1 of the U.S. Securities Exchange Act of 1934, as amended, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes on the date of pricing or the next succeeding business day will be required, by virtue of the fact that the Notes initially will settle in T+3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes on the date of pricing or the next succeeding business day should consult their own legal advisor.

The Joint Lead Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Each Joint Lead Manager and their respective affiliates have, from time to time, engaged in, and may in the future engage in, investment banking, financing, private banking, commercial banking or financial consulting activities and other commercial dealings in the ordinary course of business with the Company, the Parent and their respective affiliates. They have received and expect to continue to receive customary fees and commissions for these activities and dealings. In addition, in the ordinary course of business, each Joint Lead Manager and its affiliates may trade the Company's or the Parent's securities, loans or other financial instruments or the securities, loans or other financial instruments of the Company's or the Parent's affiliates or derivatives relating to the foregoing for its and/or its affiliates' own account and/or for the accounts of customers, and may at any time hold a long or short position in such securities, loans or other financial instruments. Such investment and trading activities may involve or relate to securities, loans and/or instruments of the Company, and/or persons and entities with relationships with the Company or the Parent and may also include swaps and other financial instruments entered into for hedging or currency conversion purposes in connection with our obligations relating to the Notes. Our obligations under these transactions may be secured by cash or other collateral, if and to the extent permitted under the Notes and our other obligations. The Joint Lead Managers and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except in accordance with Regulation S or pursuant to an exemption from the registration requirements of the Securities Act. The Joint Lead Managers represent, warrant and agree that they have not offered or sold, and will not offer or sell, any Notes within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither the Joint Lead Managers, their affiliates, nor any persons acting on their behalf have engaged or will engage in any directed selling efforts with respect to the Notes. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

European Economic Area

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (as defined below) (each a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), no Notes have been offered or will be offered to the public in that Relevant Member State, except that offers of Notes to the public may be made at any time with effect from and including the Relevant Implementation Date in a Relevant Member State in accordance with the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive (as defined below), 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in such Relevant Member State, as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Joint Lead Managers for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall result in a requirement for the publication by the Company or any Joint Lead Managers of a prospectus pursuant to Article 3 of the Prospectus Directive. Accordingly, any person making or intending to make any offer within the EEA of the Notes should only do so in circumstances in which no obligation arises for the Company or Joint Lead Managers to produce a prospectus for such offer. Neither the Company nor the Joint Lead Managers have authorized, nor do they authorize, the making of any offer of Notes through any financial intermediary, other than offer made by the Joint Lead Managers, which constitute the final placement of the Notes contemplated in this Offering Memorandum.

For the purposes of this provision, the expression "an offer of the Notes to the public" in relation to any of the Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

Each subscriber for or purchaser of Notes described in this Offering Memorandum located within a Relevant Member State will be deemed to have represented, acknowledged and agreed that it is a qualified investor within the meaning of Article 2(1)(e) of the Prospectus Directive. In the case of any Notes being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that any Notes subscribed for or acquired by it have not been subscribed for or acquired on a non-discretionary basis on behalf of, nor have they been subscribed for or acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Notes to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined in the Prospectus Directive or in circumstances in which the prior consent of the Joint Lead Managers has been obtained to each such proposed offer or resale.

Each of the Company, the Joint Lead Managers and their respective affiliates will rely on the trust and accuracy of the foregoing representations. Notwithstanding the above, a person who is not a qualified investor and who has notified the Joint Lead Managers of such fact in writing.

Hong Kong

The contents of this Offering Memorandum have not been reviewed by any regulatory authority in Hong Kong.

You are advised to exercise caution in relation to the Offering. If you are in any doubt about any of the contents of this Offering Memorandum, you should obtain independent professional advice. Please note that (1) Notes shall not be offered or sold in Hong Kong by means of this Offering Memorandum or any other document other than to professional investors within the meaning of Part I of Schedule 1 to the Securities and Futures Ordinance of Hong Kong (Cap. 571) ("**SFO**") and any rules made thereunder, or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong (Cap. 32) ("**CMO**") or which do not constitute an offer or invitation to the public for the purposes of the CMO or the SFO, and (2) no person has issued or had in its possession for the purposes of issue and shall issue, or possess for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the SFO and any rules made thereunder.

India

This Offering Memorandum has not been, nor will it be, registered, produced or published as an offer document (whether as a prospectus in respect of a public offer or information memorandum, private placement offer letter or other offering material in respect of any private placement under the Companies Act, 2013 or any other applicable Indian laws) with any registrar of companies in India, the SEBI, the RBI, any Indian stock exchange or any other statutory or regulatory body of like nature in India, save and except any information forming part of the Offering Memorandum may need to be disclosed in India under any applicable Indian laws, including but not limited to the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended, and under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended or pursuant to the sanction of any regulatory and adjudicatory body in India. The Notes will not be offered or sold, and have not been offered or sold in India by means of any document, this Offering Memorandum or any other offering document or material relating to the Notes, directly or indirectly, to any person or to the public in India or to, or for the account or benefit of, any person in India, which would constitute an advertisement, invitation, offer, sale or solicitation of an offer to subscribe for or purchase any securities in violation of applicable Indian laws.

The Notes have not been approved by the SEBI, the RBI, any registrar of companies in India, any stock exchanges in India or any other regulatory authority of India, nor have the foregoing authorities approved the Offering Memorandum, or confirmed the accuracy or determined the adequacy of the information contained in the Offering Memorandum. The Offering Memorandum has not been and will not be registered as a prospectus or a statement in lieu of a prospectus with any registrar of companies in India.

Singapore

Neither this Offering Memorandum nor any other offering material in connection with any offering of the Notes has been registered as a prospectus with the Monetary Authority of Singapore. Each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold the Notes or caused the Notes to be made the subject of an invitation for subscription or purchase nor will it offer or sell the Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, nor has it circulated or distributed, nor will it circulate or distribute this Offering Memorandum or any other document or material in connection with the offer or sale or invitation for the subscription or purchase of any Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased in reliance of an exemption under Section 274 or 275 of the SFA, the Notes shall not be sold within the period of six (6) months from the date of the initial acquisition of the Notes, except to any of the following persons:

(i) an institutional investor;

(ii) a relevant person as defined in Section 275(2) of the SFA; or

(iii) any person pursuant to an offer referred to in Section 275(1A) of the SFA,

unless expressly specified otherwise in Section 276(7) of the SFA or Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six (6) months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person as defined in Section 275(2) of the SFA, or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

United Kingdom

This Offering Memorandum is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (iii) high net worth entities falling within Article 49(2) of the Order and other persons to whom it may be lawfully communicated (all such persons together being referred to as "**relevant persons**"). In addition, this communication is, in any event only directed at persons who are "qualified investors" (within the meaning of Section 86(7) of the Financial Services and Markets Act 2000, as amended. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. Persons who are not relevant persons should not take any action on the basis of this Offering Memorandum and should not act or rely on it or any of its contents.

TRANSFER RESTRICTIONS

Because of the following restrictions, prospective investors are encouraged to consult their legal counsel prior to making any offer, resale, pledge or other transfer of the Notes.

Each purchaser of the Notes will be deemed to:

(1) represent that it is purchasing the Notes in an offshore transaction in accordance with Regulation S under the Securities Act;

(2) acknowledge that the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from registration under the Securities Act;

(3) agree that it will inform each person to whom it transfers Notes of any restrictions on transfer of such Notes;

(4) acknowledge that the Notes will be represented by the Global Certificate, and that transfers thereof are subject to and will only be effected through the records maintained by the Euroclear and Clearstream;

(5) acknowledge that we and the Joint Lead Managers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements, and agree that if any of the acknowledgements, representations or agreements deemed to have been made by its purchase of the Notes are no longer accurate, it shall promptly notify us and the Joint Lead Managers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account;

(6) acknowledge that neither us nor the Joint Lead Managers nor any person representing us or the Joint Lead Managers has made any representation with respect to us or the Offering, other than the information contained in this Offering Memorandum;

(7) represent that it is relying only on this Offering Memorandum in making its investment decision with respect to the Notes;

(8) agree that it has had access to such financial and other information concerning us and the Notes as it has deemed necessary in connection with its decision to purchase the Notes, including an opportunity to ask questions of and request information from us;

(9) represent that it is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the Securities Act; and

(10) acknowledge that each note will contain a legend substantially to the following effect.

"THIS NOTE HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION".

LEGAL MATTERS

Certain legal matters in connection with this offering will be passed upon for the Company by White & Case Pte. Ltd. as to United States federal securities and New York State law, Shardul Amarchand Mangaldas & Co as to matters of Indian law and WongPartnership LLP as to matters of Singapore law. Certain legal matters in connection with this offering will be passed upon for the Joint Lead Managers by Latham & Watkins LLP as to matters of United States federal securities and New York State law.

INDEPENDENT AUDITORS

Our consolidated financial statements as at and for each of the financial years ended March 31, 2017 and 2018 included elsewhere in this Offering Memorandum have been audited by KPMG, as stated in their audit report appearing in this Offering Memorandum.

Our unaudited interim consolidated financial statements as at December 31, 2018 and for the nine months ended December 31, 2017 and 2018 included elsewhere in this Offering Memorandum have been reviewed by KPMG, as stated in their review report appearing in this Offering Memorandum.

GENERAL INFORMATION

1. The creation and issue of the Notes has been authorized by resolutions of the Company's board of directors dated February 25, 2019.

2. Save as disclosed in this Offering Memorandum, there are no, nor have there been any, litigation or arbitration proceedings, including those which are pending or threatened, of which the Company is aware, which may have, or have had during the 12 months prior to the date of this Offering Memorandum, a material adverse effect on the Company's financial position.

3. Save as disclosed in this Offering Memorandum, there has been no material change in the Company's financial or trading position since December 31, 2018 and, since such date, save as disclosed in this Offering Memorandum, there has been no material adverse change in the Company's financial position or prospects.

4. Save as disclosed in this Offering Memorandum, all necessary consents, approvals and authorizations have been obtained in connection with the issue and performance of the Notes.

5. Copies of the following documents, all of which are published in English, may be inspected during normal business hours at the offices of the Company after the date of this Offering Memorandum, for so long as any of the Notes remain outstanding:

   (a) The Company's Memorandum and Articles of Association;

   (b) The Company's audited consolidated financial statements for the years ended March 31, 2017 and 2018; and

   (c) The Company's unaudited interim consolidated financial statements for the nine months ended December 31, 2017 and 2018.

6. The Notes are expected to be accepted for clearance through Euroclear and Clearstream under the Common Code number 195865850 and the International Securities Identification Number (ISIN) for the Notes is XS1958658509.

7. Approval-in-principle has been received from the SGX-ST for the listing of the Notes on the Official List of the SGX-ST. The SGX-ST takes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Offering Memorandum. Admission of the Notes to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Company, the Group, any of their respective subsidiaries and/or associated companies, or the Notes. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Company shall appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Certificate is exchanged for Notes in definitive registered form. In addition, an announcement of such exchange shall be made by or on behalf of the Company through the SGX-ST and such announcement will include all material information with respect to the delivery of the Notes in definitive registered form, including details of the paying agent in Singapore.

APPENDIX A

INDEPENDENT MARKET RESEARCH ON THE RADIOPHARMACEUTICAL INDUSTRY, U.S. RADIOPHARMACY CHAIN, U.S. CONTRACT MANUFACTURING ORGANIZATION INDUSTRY, U.S. ALLERGY IMMUNO THERAPY INDUSTRY AND THE GLOBAL AND U.S. GENERIC PHARMACEUTICAL INDUSTRY

Independent Market Research on the Radiopharmaceutical Industry, US Radiopharmacy Chain, US Contract Manufacturing Organisation Industry, US Allergy Immuno Therapy Industry and the Global and US Generic Pharmaceutical Industry

September 2018

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Date: February 25, 2019

The Board of Directors
Jubilant Pharma Limited
80, Robinson Road,
#02-00
Singapore 068898

Dear Sirs,

Independent Market Research on the Radiopharmaceutical Industry, US Radiopharmacy Chain, US Contract Manufacturing Organisation Industry, US Allergy Immuno Therapy Industry, and the Global and US Generic Pharmaceutical Industry for Jubilant Pharma Limited ("Jubilant Pharma" or the "Company")

We, Frost & Sullivan (S) Pte Ltd ("**Frost & Sullivan**"), have prepared this Independent Market Report ("**the Report**") for the purpose of the proposed high yield bond offering by the Company on the Singapore Exchange Securities Trading Limited.

Save as permitted under our consent letter addressed to the Board of Directors of the Company and the Joint Lead Managers (as defined therein), no part of it may be otherwise given, lent, resold, or disclosed to non-customers without our written permission.

Frost & Sullivan has prepared this Report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of this Report. We believe that this Report presents a true and fair view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an "overall industry" perspective and may not necessarily reflect the performance of individual companies in the industry. Save as provided under the applicable law, Frost & Sullivan shall not be held responsible for the decisions and/or actions of the readers of this Report. This Report should also not be considered as a recommendation to buy or not to buy the securities of any company or companies as mentioned in this Report or otherwise.

For and on behalf of Frost & Sullivan (S) Pte Ltd:

Sanjay Singh

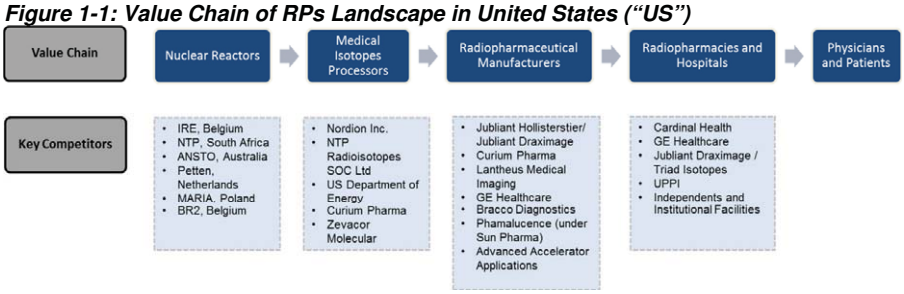
Senior Vice President – Asia Pacific

1 ANALYSIS OF THE RADIOPHARMACEUTICALS ("RPS") INDUSTRY

1.1 INTRODUCTION

RPs are radioactive chemical or pharmaceutical products which are used in major clinical areas for diagnostic and therapeutic purposes. The value chain of RPs can be explained further based on the diagram below:

Figure 1-1: Value Chain of RPs Landscape in United States ("US")



Source: Frost & Sullivan

Segmentation of RPs

Single-photon Emission Computed Tomography ("SPECT"): SPECT imaging produces three dimensional images of the distribution of radioactive materials introduced into the patient's body. SPECT imagers come with gamma camera detectors that are used to detect gamma ray emissions from tracers injected into the patients. Radiopharmaceuticals used in SPECT scanning have relatively longer half-lives. SPECT radiopharmaceuticals include Technetium-99 (Tc-99m), Thallium-201 (Tl-201), Gallium-67 (Ga-67), Iodine (1-123, I-125), Rhenium (Re-186), Yttrium (Y-90) and Indium-111.

Positron Emission Topography ("PET"): Similar to SPECT, PET also produces three dimensional images of the distribution of radioactive materials. However, PET scans map the locations of the photons in the human body. The scan uses a special dye containing radioactive tracers which is then absorbed by the organs or tissues. The scan can measure the blood flow, oxygen level, glucose level, among others. PET radiopharmaceuticals have shorter half-life and decay producing positrons. PET radiopharmaceuticals include Fludeoxyglucose (18F-FDG), Rubidium (Rb-82), Carbon-11 Choline, Florbetapir-18, Nitrogen-13 Ammonia and Palladium-103

Radioimmunotheraphy Agents: Therapeutic radiopharmaceuticals, also referred as radioimmunopharmaceuticals are subset of targeted therapeutics and immune-conjugant therapies. Radioimmunotherapy agents include Iodine (1-131), Yttrium (90Y), Samarium (Sm-153), Strontium (89 Sr), Rhenium (186Re), Lutetium (Lu-177) and Erbium (169Er).

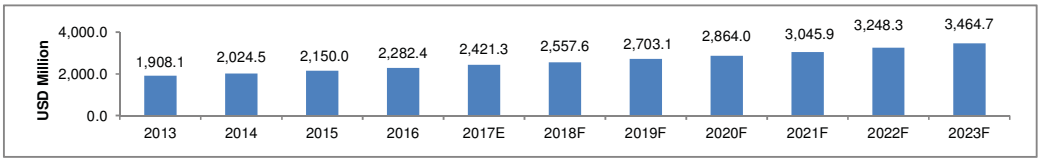
1.2 DEMAND CONDITIONS

1.2.1 Industry Size

According to World Nuclear Association, over 40 million nuclear medicine procedures are performed each year, and demand for radioisotopes is increasing at up to 5% annually[1]. The global RPs market was valued at USD5,022.4 million in 2017, with medical radioisotopes accounting approximately 80% of the market and forecasted to increase to USD7,066.3 million in 2023. The most common radioisotope used is Tc-99m, with approximately 40.0 million procedures per year, which accounts for 80% of all nuclear medicine procedures globally.

[1] World Nuclear Association, Radioisotopes in Medicine, August 2018, retrieved from http://www.world-nuclear.org/information-library/non-power-nuclear-applications/radioisotopes-research/radioisotopes-in-medicine.aspx

Chart 1-1: Market Size of RPs Industry in North America(1), 2013 – 2023F



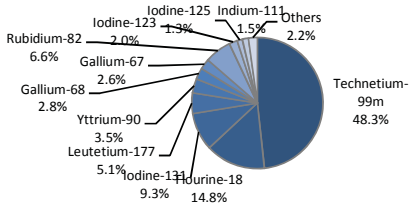
Note:

(1) North America includes US and Canada.

Source: Frost & Sullivan

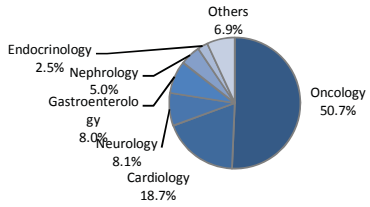
Breakdown of RPs Industry in North America 2017

Chart 1-2: *By Key Product Type*



Source: Frost & Sullivan

Chart 1-2: By Application Procedures, 2017



Source: Frost & Sullivan

1.2.2 Industry Trend

Increase of Cardiovascular and Cancerous Diseases: Cardiovascular diseases have been one of the underlying causes of death for Americans. The number of cardiovascular disease[2] cases is expected to increase from 131.4 million people in 2015 to 174.4 million people in 2035. Apart from cardiovascular diseases, cancer is also known to be the next leading cause of death globally, with approximately 1,735,350 new cancer cases and 609,640 cancer deaths are estimated to occur in 2018[3].

Table 1-1: Projections on the Prevalence of Cardiovascular Diseases (million)

Cardiovascular Disease Conditions	2015	2035	CAGR (2012 – 2035)
High Blood Pressure	96.1	123.2	1.2%
Coronary Heart Disease	16.8	24.0	1.8%
Stroke	7.5	11.2	2.0%
Congestive Heart Failure	5.8	8.8	2.1%
Atrial Fibrillation	5.2	7.2	1.6%

Source: Olga Khavjou, Diana Phelps, Alyssa Leib, Projections of Cardiovascular Disease Prevalence and Costs: 2015 – 2035, November 2016

Increase of Neurological Diseases Globally: There are over 9.9 million new cases of dementia each year worldwide, implying one new case every 3.2 seconds. In 2018, approximately 5.7 million Americans are living with Alzheimer's and projected to increase to 14.0 million by 2050. The prevalence trends of neurology diseases particularly Alzheimer's are likely to promote highly positive trends for molecular imaging procedures, thus promoting the use of RPs products.

Development of new PET and SPECT RPs: The development of new RPs with further advancements of SPECT and PET imaging technologies has resulted in molecular imaging entering new clinical areas. This includes radiopharmaceuticals 64Cu-FBP8 (hidden blood clot detection), Ubiquicidin ("**99mTc-UBI**") (detection of bacterial infections at the site of orthopaedic implants), development of SPECT oncology radiotracers such as Thallium-201 ("**Tl-201**") chloride, Gallium-67 ("**Ga-67**") citrate and 123I/131I-sodium iodide and strong potential of Flutemetamol-18 and Florbetapir-18 to be used with PET in amyloid imaging for better accuracy and early diagnosis of neurodegenerative diseases such as Alzheimer's.

[2] These figures refer to sum of high blood pressure, coronary heart disease, stroke, congestive heart failure, and atrial fibrillation cases in US.

[3] National Cancer Institute, Cancer statistics, last updated April 27 2018, retrieved from https://www.cancer.gov/about-cancer/understanding/statistics

Increasing Use of PET Scans in Cardiology Practices: With cardiovascular being the highest cause of mortality, the use of PET is likely to grow align with the growth of cardiac diseases. In cardiac scanning, PET offers better image resolution as compared to SPECT scanning. Another factor to support the growth of PET would be the supply issues of Tc-99m, which is the decay product of Molybdenum-99 ("**Mo-99**"). The radiopharmaceutical is widely used in majority of SPECT cardiology procedures. When the reactor at Chalk River, Canada permanently shut down, there are no other adequate North American sources for Mo-99 to cover the deficit faced in the industry. The reactor supplied almost significant share of the world's Mo-99, which serves as a generator for technetium.

1.3 SUPPLY CONDITIONS

1.3.1 Market Share

The Company is one of the leading integrated players in the US market that develops, manufactures, distributes and markets RPs products. In 2017, the Company is known to be the 3rd RPs manufacturer in the US based on revenue. The Company offers nine RPs products and they are known to be the sole supplier of two RPs products in North America i.e. Tc-99m MAA and Tc-99m DTPA. This implies that the Company commands 100% market share in these specific product segments.

As for I-131, the Company is one of the three companies offering the product globally, along with Curium Pharma and Iso-Tex Diagnostic Inc. The Company command a market share of 2.09% in the total I-131 radiopharmaceutical market in North America. For other minor radiopharmaceutical products offered, the Company commands market share of 0.2% for Tc-99m Sestambi. As for Tc-99m and Ruby-Fill, the Company commands a very small market share in the same year within the same region.

2 ANALYSIS OF THE RADIOPHARMACY CHAIN ("RPC") INDUSTRY

2.1 INTRODUCTION

In radiopharmacy industry, radiopharmaceuticals are sent from manufacturers to clinicians via two distribution models:

Radiopharmacy Model: Under this model, radiopharmaceutical are prepared on site at the radiopharmacy and distributed to clinicians based on need or request. Clinicians commonly rely on same-day shipping from a radiopharmacy that is geographically nearby due to the relatively short half-life of the radioisotopes.

Cold Kit Plus Generator Model: Radiopharmaceuticals are created by clinicians using an installed generator on a need basis. There are only a limited number of market participants that currently sells generators, namely Lantheus Medical Imaging and Mallinckrodt which sells technetium; Jubilant Pharma and Bracco sell Rubidium generators.

2.2 DEMAND CONDITIONS

As of September 2017, there are 434 nuclear pharmacies in the US, with approximately 65% of these nuclear pharmacies belong large corporations with RPC.

2.2.1 Key Industry Trends

Continuity of Commercial Radiopharmacy Channels as Main Choice: In the US, healthcare institutions are pressured to reduce manpower and healthcare spending are expected to increase at average of 5.5% annually from 2017 to 2026. By 2026, the healthcare spending is forecasted to reach USD5.7 trillion[4]. The changes in healthcare economics and small number of institutional based nuclear pharmacist have driven nuclear medicine practitioners to opt for commercial radiopharmacy to meet their growing demand of radiopharmaceutical needs, research and development of drugs, among others.

Short Half-Life of Radioisotopes Provides Radiopharmacy Vital Roles: Many radiopharmaceutical preparations contain radioisotopes with short half-life, thus making the

[4] Yasmeen Abutaleb, US healthcare spending to climb 5.3 percent in 2018: agency, February 2018, retrieved from https://www.reuters.com/article/us-usa-healthcare-spending/us-healthcare-spending-to-climb-53-percent-in-2018-agency-idUSKCN1FY2ZD

radiopharmaceuticals to have short half-lives as well. Once the radiopharmaceuticals reached the end of the shelf-life, the radioactivity decreases and insufficient to serve the intended purposes. Consequently, radiopharmacies needs to be within reach of hospitals and practitioners, not located too far or time consuming to distribute the radiopharmaceuticals.

2.3 SUPPLY CONDITIONS

2.3.1 Competitive Landscape

Radioactive isotopes decay over time and the decaying rates are measured in half-life. Due to this the short half-life of radioactive isotopes, reliable supply, management of mostly daily-based demands and quick response to changes in demands are required [5]. Hence, to address the challenges while increasing their footprints, industry players in the radiopharmacy industry build new radiopharmacy facilities or acquire existing ones, such as Jubilant Pharma acquisition of Triad Isotope and Sofie Biosciences, Inc. acquisition Zevacor Pharma, both in 2017. As at September 2018, Jubilant Pharma operates the second largest centralized commercial RPC network in the US (under the brand name of Triad Isotopes) with a national footprint of 52 radiopharmacies across 22 states in 2017.

Table 2-1: Profile of Key Players in the Radiopharmacy Industry in the US, September 2018

Company Name	HQ (Year of Establish-ment)	Presence in Number of States in US	Number of Pharmacy in US	Estimated Number of Hospitals served in US[1]
Cardinal Health	US (1971)	45	131	2,347
Triad Isotopes	US (2006)	22	52	917
PETNET Solutions	Germany (2015)	29	42	744
GE Healthcare	US (1994)	18	31	532
SOFIE	US (2008)	12	14	NA
Pharma-logic	US (NA)	10	12	227

Note:
(1) Estimated number of hospitals served in US within 50 miles radius of the radiopharmacy location
(2) NA = Not available

Source: Frost & Sullivan

3 ANALYSIS OF THE CONTRACT DEVELOPMENT AND MANUFACTURING ORGANIZATION ("CDMO") INDUSTRY

3.1 DEMAND CONDITIONS

3.1.1 CDMO Landscape

The global CDMO industry is extremely active as CDMO providers compete to increase their market share via mergers and acquisitions ("**M&A**") transactions by targeting large providers as well as smaller, but specialised providers. Despite the considerable number of consolidations, the CDMO market is still highly fragmented with at least 300 CDMO providers competing in the USD40 billion industry size[6], and there is a long tail of medium-sized and smaller companies.

3.1.2 Industry Size

Table 3-1: Global Pharmaceutical CMO Industry Size, 2012-2023

Types	2012	2013	2014	2015	2016	2017	2018E	2019F	2020F	2021F	2022F	2023F
API	42.5	46.2	50.2	54.5	60.2	65.6	71.8	78.7	87.0	94.1	101.7	109.9
Solid	8.7	8.9	9.2	9.4	9.5	9.9	10.3	10.6	10.9	11.2	11.5	11.9
Injectable	4.2	4.4	4.6	4.8	5.1	5.4	5.6	5.9	6.2	6.5	6.8	7.1
Other SDF	3.2	3.3	3.4	4.0	4.0	4.0	4.2	4.4	4.6	4.8	5.0	5.2
Total	58.6	62.8	67.4	72.7	78.8	84.9	91.9	99.6	108.7	116.6	125.0	134.2

Source: Frost & Sullivan

3.1.3 Industry Trends

Outsourcing relationships are now much more strategic: Currently, decision on selecting the right CMO/CDMO partners is made at an earlier stage of a product's development process. Hence, pharmaceutical companies look for partners that can offer technical expertise, improved operational

[5] Mercanoglu, Guldem & AY, Ozer, Supply Chain as a Core Component of Business Model: Innovative Supply Chain Practices in Pharma and Radiopharma Industries, January 2015

[6] Patheon, JP Morgan Healthcare Conference, January 2016, retrieved from https://seekingalpha.com/article/4035608-patheon-pthn-presents-35th-annual-j-p-morgan-healthcare-conference?page=2

efficiency, access to innovation and risk management on a one-stop shop basis (covering all services that are required by a pharmaceutical company, from drug development to SDF)[7].

Consolidation in injectable CDMO space: According to Kurmann Partners AG, the number of M&A in the CDMO industry spiked in 2015 with more than 60 deals publicly announced. Even though the number of deals decreased in 2016 and 2017, deals' value increased due to the number of large transactions (more than USD1 billion), notably by two mega deals – Switzerland's CDMO, Lonza acquiring US' Capsugel at USD5.5 billion in 2016 and US' Thermo Fisher acquiring Netherlands' Patheon at USD7.2 billion in 2017. The M&A trend is also seen in the injectable CDMO space. The table below illustrates the key M&A activities within the injectable CDMO segment from 2013.

Table 3-2: Key M&A activities in the injectable CDMO segment in 2014 and 2015

Year	Buyer	Acquired	Value
2014	Pfizer	InnoPharma	USD360.0 million
2014	Hikma	Bedford Laboratories	USD300.0 million
2014	Sun Pharmaceutical	Pharmalucence	NA
2015	Piramal	Coldstream Laboratories	USD30.7 million
2015	Pfizer	Hospira	USD17.0 billion

Source: Frost & Sullivan

3.1.4 Market Drivers

Shortage of Injectable Drugs: The most common drug shortages are from the sterile injectable category, ranging from anti-infective and anaesthetic drugs to cardiovascular and oncology treatments, representing 72% of the total shortages in the US[8]. The shortages were generally due to supply disruptions triggered by quality issues faced during the manufacturing process which results in the slowing or halting of production by manufacturers to address the problems. With the consolidation of the industry and increased complexity of the manufacturing process, pharmaceutical companies would prefer to outsource these functions to specialised CDMOs that are committed to a holistic approach and have the capability to adopt new technologies in sterile injectable manufacturing.

Vendor Consolidation: The move towards strategic partnerships for pharmaceutical companies and CDMOs alike will emphasize on having collaborative relationships where CDMOs provide end-to-end services for expertise across multiple therapeutic areas and geographical access.

Sterile Injectable Drugs: Injectable drugs need to be stored under special conditions to retain the efficacy of the drug from the time they are manufactured until it is used. Given the complexity in handling liquid and lyophilized drugs, pharmaceutical companies will look to outsource the production of injectable drugs to CDMOs with specialized lyophilization expertise and equipment.

4 ANALYSIS OF THE ALLERGY THERAPEUTIC INDUSTRY

Allergen immunotherapy ("**AIT**") is widely used in clinical practice for patients with moderate to severe allergic rhinitis due to inhalant allergens and may be delivered via subcutaneous ("**SCIT**") and sublingual routes ("**SLIT**").[9] Other indications for allergen immunotherapy are for patients with allergic asthma and in patients with stinging insect (Hymenoptera) hypersensitivity.[10]

4.1 INDUSTRY SIZE

Global AIT market was valued at approximately USD1.69 billion in 2017. SCIT dominated the AIT market landscape with over 50.0% market share while SLIT tablets and drops accounted for the rest of the market. There are no FDA approved SLIT drops while there are four FDA approved SLIT tablets in the global AIT market.

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[7] Ernst & Young, The pharmaceutical CDMO industry is consolidating - Opportunities for current players and new entrant, September 2017

[8] The Pew Charitable Trusts and the International Society for Pharmaceutical Engineering (ISPE), Drug Shortages, January 2017, retrieved from https://ispe.org/news/ispe-pew-charitable-trusts-drug-shortages-study

[9] World Allergy Organization Journal, Allergen immunotherapy on the way to product-based evaluation—a WAO statement, September 2015, retrieved from https://waojournal.biomedcentral.com/articles/10.1186/s40413-015-0078-8

[10] Ontario Drug Policy Research Network ("**ODPRN**"), Allergen immunotherapy for the treatment of allergic rhinitis, asthma, and/or insect sting allergy, September 2015

Table 4-1: Market size of the Global and the US AIT Market, USD Million, 2013-2023

Region	2012	2013	2014	2015	2016	2017	2018E	2019F	2020F	2021F	2022F
Global	1409.6	1440.0	1555.2	1600.0	1696.0	1797.8	1950.6	2126.1	2330.2	2563.3	2832.4
North America	197.3	201.6	217.7	224.0	237.4	251.7	292.6	335.9	391.5	435.8	504.2

Source: Frost & Sullivan

Venom Immunotherapy in the US

Venom immunotherapy ("**VIT**") is considered effective for the prevention of potential allergic reactions to hymenoptera stings contributing to significant improvements in the quality of life. The US market for VIT was approximately USD 15 Million in 2017. Following the exit of ALK Albello A/S, the only other VIT supplier in the US, other than Jubilant HollissterStier Allergy, the market is expected to see a greater revenue realisation with a likelihood of lowering discounts on VIT drugs from a historical average of 45% to about 19% in 2019.

4.2 MARKET DRIVERS

Reduced time to drug approval processes: The average time for the FDA review and approval has decreased significantly from over 30 months to an average approval time of 20.8 months since the enactment of the Prescription Drug User Fee Act. One aspect that is likely to have contributed positively to faster review and approval timelines are the fast-track status or accelerated approvals for new drugs in indications with a high unmet medical need, such as in oncology.

Increased prevalence of allergic diseases coupled with growing demand for personal health care are considered to be key drivers for the AIT market globally. Allergy is one of the key risk factors for asthma, chronic inflammatory conditions and is considered to reduce the quality of life. For instance, a patient suffering from rhinitis has three times greater chance of developing asthma. Allergic rhinitis commonly referred to as Hay Fever affects approximately 6.1 million children and about 20 million adult populations. It is one of the chief therapeutic areas that is addressed by immunotherapy shots, with fever symptoms being reduced in approximately 85% of the treated population.

Increased Pharmaceutical R&D spending and biotechnology investment: Pharmaceutical companies world over are increasing spend on their research and development with an aim to bring novel drugs to the ever expanding disease portfolio globally. Immunotherapy companies are also deploying considerable funds towards R&D with almost all the leading AIT companies having a strong pipeline of drugs suitable to each of the global markets.

Effective disease management/ disease modifying effect: While pharmacotherapy, intranasal corticosteroids, oral antihistamines and the likes are used in the treatment of allergies, targeted immunotherapy is the only treatment that changes the natural course of allergic rhinitis, preventing exacerbation. Although the treatment period is relatively longer in AIT, the permanent relief and cure that the patient experiences is considered to be one of the key drivers of increasing adoption rates globally.

Introduction of new therapies: Introduction of newer therapies has also been a key driver for the allergy immunotherapy market globally. A relatively new therapeutic area, peanut allergy with significantly high unmet need is expected to be a booming market in the forecast period and this is supported by the potential launch of four new peanut immunotherapy products into a previously empty marketplace.

5 ANALYSIS OF THE GENERICS (API) PHARMACEUTICAL INDUSTRY

5.1 INDUSTRY SIZE

The global pharmaceutical industry (prescription drugs revenue) reached USD1.01 trillion in 2017 from USD 926.7 billion in 2013 at a CAGR of 2.1%. The global pharmaceutical industry experienced a slowdown in 2015 due to factors such as pricing pressure in the US as well as unstable economic condition in Brazil, Russia and China resulting in tightening of healthcare budgets[11]. The global pharmaceutical industry has recovered since 2016, and is expected to grow at a CAGR of 5.1% between 2018 and 2030, from USD1.06 trillion to USD1.92 trillion. Frost & Sullivan estimates the pharmaceutical industry in the US to reach USD605.7 billion in 2030. The growth of the global

[11] Deloitte, 2016 Global life sciences outlook: Moving forward with cautious optimism, 2015

pharmaceutical industry will be mainly driven by the growth in pharmerging market[12][13] (represented by China and rest-of-the-world ("**ROW**") in the chart below). Strong growth was seen in pharmerging market where the market grew at a CAGR of 4.1% and 6.2% in value and volume from 2011 to 2016, respectively[14]. The growth was driven by the preference for branded generics coupled with increase in out-of-pocket spend on healthcare.

Chart 5-1: Share of Pharmaceutical Revenue, 2017 and 2030F

Source: Frost & Sullivan

The global generics pharmaceutical industry (unbranded generics sales) grew at a CAGR of 4.3% between 2013 and 2017, from USD90.0 billion in 2013 to USD106.4 billion in 2017. It is estimated that the US has the highest share of 60.6% of the total unbranded generic sales in 2018.

Table 5-1: Global Generics Pharmaceutical Industry Size by Sales, 2013-2022F

Year	2012	2013	2014	2015	2016	2017	2018E	2019F	2020F	2021F	2022F
Global	90.0	97.7	99.5	102.0	106.4	111.3	116.7	122.7	129.1	135.8	90.0

Note: Only include prescription drugs.

Source: Frost & Sullivan

In terms of API, it is also estimated that 70.0% or USD115.0 billion of the global API is synthetic-based API while the rest is biotech-based API in 2018. 58.3% of the synthetic API market is estimated to be the captive segment with the remaining 41.7% in outsourced segment in 2018. The outsourced segment can be further breakdown into generic and innovator API. In 2018, it is estimated that 53% or USD26.0 billion of the outsourced API is generic.

Table 5-2: Global Synthetic API Market Size, 2018F – 2022F

Year	2018E	2019F	2020F	2021F	2022F
Captive	67.0	72.0	78.0	83.0	87.0
Outsourced	48.0	51.0	53.0	46.0	62.0
Total	115.0	123.0	131.0	129.0	149.0

Source: Frost & Sullivan

The following shows market size of selected solid dosage formulations in the US as at March 2018.

Table 5-3: Market Size of Selected Solid Dosage Formulations in the US, Moving Annual Total ("MAT") March 2018

Solid Dosage Formulations	Functions	Market Size (Sales) (USD million)
Prednisone	Treatment of allograft rejection, asthma, systemic lupus erythematosus, and many other inflammatory states	293.5
Methylprednisolone	Adjunctive therapy for short-term administration in rheumatoid arthritis	121.6
Pantroprazole	Treatment of erosive esophagitis	89.4
Olanzapine	Treatment of schizophrenia and related psychotic disorders, as well as acute treatment of manic or mixed episodes of bipolar 1 disorder	37.1
Donepezil	Treatment of mild to moderate dementia of the Alzheimer's type	21.8
Prochloperazine	Treatment of symptomatic management of psychotic disorders, short term management of nonpsychotic anxiety in patients with generalized anxiety disorder, and for the control of severe nausea and vomiting of various causes	5.7

Note: MAT equals to sales figures for the respective solid dosage formulations in the US over the course of 12 months.

[12] Sarah Rickwood, Prescription medicines trends: an overview and perspective on two therapy areas, 2017

[13] Pharmerging is a group of IQVIA defined pharmerging markets characterized by less than USD30k GDP/capita and greater than USD1bn absolute prescription medicines market growth potential between 2014 and 2019. The markets are: China, Brazil, India, Russia, Mexico, Turkey, Poland, Saudi Arabia, Indonesia, Egypt, Philippines, Pakistan, Vietnam, Bangladesh, Argentina, Algeria, Colombia, South Africa, Chile, Nigeria and Kazakhstan.

[14] Alan Sheppard, Global Healthcare Trends and Outlook, Joint 23rd Medicines for Europe and 20th IGBA Annual conference Lisbon, 15 June 2017

Source: Frost & Sullivan

For the global market size of selected API products, Valsartan had the largest market size of 1,396kg while Risperidone had the smallest market size of 5kg as of March 2018. Among the selected products, more than half of the meclizine API was sold in the US.

Table 5-4: Selected API Market Size in Global and in the US, MAT March 2018

API Products	Functions	Global Market Size (Volume) ('000 kg)	Market Size in US (Volume) ('000 kg)
Valsartan	Treatment of hypertension	1396	216
Oxcarbazepine	Treatment of partial seizures	449	126
Carbamazepine	Treatment of epilepsy and pain associated with true trigeminal neuralgia	1024	91
Citalopram	Treatment of depression	91	34
Meclizine	Prevention and treatment of nausea, vomiting, or dizziness associated with motion sickness	15	8
Donepezil	Treatment of mild to moderate dementia of the Alzheimer's type	11	4
Risperidone	Treatment of schizophrenia and mood disorders, including bipolar disorder and depression with pyschosis	5	1
Pinaverium	Treatment and relief of symptoms associated with irritable bowel syndrome	27	NA

Note: MAT equals to sales figures for the respective API in global over the course of 12 months.

Source: Frost & Sullivan

5.2 INDUSTRY DRIVERS

Drivers

Increasing efforts by government to control healthcare cost: The rise of healthcare costs is mainly attributed to prevalence of chronic diseases and aging population. As healthcare costs are on increasing trends, many countries are promoting the policies that support the use of generic drugs, a cheaper alternative to reduce health care expenditure.

Rising demand for new, cheaper medicines: There is rising demand for new and cheaper medicines, in line with more opportunities for generic commercialisation as a number of drugs are losing patents in future. There will be USD72.4 billion worth of small molecule drugs at risk from 2018 to 2022[15]. It is estimated that 124 drugs are coming off-patent for the period of 2018 to 2021[16]. Patented drugs that are losing patents in coming year help to boost commercialisation of new generic drugs.

Table 5-5: Patent Expiry for Small Molecules in the US, 2013 – 2022

Year	2012	2013	2014	2015	2016	2017	2018E	2019F	2020F	2021F	2022F
Value (USD bil)	14.0	11.1	20.6	14.8	22.8	29.0	12.6	11.7	5.2	14.0	14.0

Source: Doug Long, Global Generic and BiosimilarsTrends and Insights, 13 February 2018

Increasing importance and awareness of generics drive the growth of generic API segment: Generally, as the healthcare system develops, it offers more reliable public control routine, bioequivalence requirements and manufacturer standards especially on drug production and thus increases physicians or pharmacists' trust on the quality and efficacy of generics. Subsequently, patients are made aware of the existence of generics and its pricing, informed by physicians or pharmacists. Realising the cost advantage of generics, individuals will incline to consume more generic drugs, thus continue to drive the growth of generic industry.

5.3 MARKET SHARE ANALYSIS

Table 5-6: Ranking of Jubilant for Selected Solid Dosage Formulations in the US, MAT March 2018

SDF	Ranking of Products	SDF	Ranking of Products
Prochloperazine	1st	Olanzapine	2nd

[15] Doug Long, Global Generic and BiosimilarsTrends and Insights, 13 February 2018

[16] PricewaterhouseCoopers ("**PWC**"), Is new generic competition enough to lower drug costs?, August 2018, retrieved from https://www.pwc.com/us/en/health-industries/health-research-institute/generic-drug-pricing.html

SDF	Ranking of Products	SDF	Ranking of Products
Methylprednisolone	1st	Donepezil	4th
Prednisone	3rd	Pantroprazole	4th

Source: Frost & Sullivan

In the US, Jubilant is one of the market leaders based on market share of several key products, namely, Prochlorperazine (largest market share at 52.0%), Methylprednisolone (largest market share at 38.0%), Prednisone (third largest market share at 9.0%), Olanzapine ODT (second largest market share at 22.0%), Donepezil (fourth largest market share at 8.0%), and Pantoprazole (fourth largest market share at 13.0%). As such, Jubilant has a strong presence in the US with top four position in six products in the US.

Table 5-7: Market Share of Jubilant for Selected API Products, MAT March 2018

API Products	Volume Sold ('000 kg)	Market Share in Global (%)	Market Share in US (%)
Oxcarbazepine	132	30	78
Valsartan	106	8	5
Carbamazepine	204	20	70
Citalopram	16	18	16
Pinaverium	5.3	20	NA
Donepezil	1.7	16	17
Risperidone	1.7	33	9
Meclizine	3.1	20	34

Note: Pinaverium is not launched in US market.

Source: Frost & Sullivan

Jubilant is one of the global suppliers for several API products, including oxcarbazepine, carbamazepine, citalopram, pinaverium, donepezil, risperidone and meclizine. Jubilant is also the major supplier for oxcarbazepine and carbamazepine in the US.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Jubilant Pharma Limited
and its subsidiaries
Registration Number: 200506887H

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

KPMG (Registered)
Building No.10, 8th Floor, Tower-C
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Independent Auditors' Report

To the Shareholders of Jubilant Pharma Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Jubilant Pharma Limited ("the Company") and its subsidiaries and partnerships ("the Group"), which comprise the consolidated statement of financial position as at 31 March 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

Accounting for business combination

See Note 2.6 and 24 to the consolidated financial statements.

The key audit matter

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

How the matter was addressed in our audit

Our audit procedures in this area included, among others:

- review of asset purchase agreements to determine whether the appropriate intangible assets have been identified and that no unusual terms exist that have not been accounted for;
- identification and fair valuation of the assets and liabilities the Group acquired including fair value adjustments. In doing so, we involved valuation specialists for review of valuation assumptions such as discount, tax and royalty rates used in such calculations; and
- review of acquisition accounting and respective disclosures made in the consolidated financial statements.

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

Impairment of goodwill and other intangible assets

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

The key audit matter

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

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

How the matter was addressed in our audit

Our audit procedures in this area included, among others:

- involving valuation specialists to assist in evaluating the assumptions and methodologies used by the Group, in particular the appropriateness of the discount rates applied, which included comparing the weighted average cost of capital;
- evaluating the appropriateness of the assumptions applied to key inputs such as revenue projections, operating costs, inflation and long-term growth rates, which included assessments based on our knowledge of the Group and the industry;
- performing sensitivity analysis, which included assessing the effect of reasonably possible variations in certain key inputs on the currently estimated headroom for various CGUs; and
- evaluating the adequacy of financial statements disclosures, including disclosures of key assumptions, judgements and sensitivities.

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

Measurement of finance cost for stock settled debt instrument

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

The key audit matter

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

How the matter was addressed in our audit

Our audit procedures in this area included, among others:

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

KPMG
Gurugram, India
23 July 2018

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

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

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

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

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

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

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

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

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

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

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

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

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

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

** No. of shares as at 31 March 2018 and 31 March 2017 is 326,758,994. There is no change in the number of shares during the respective years. All issued ordinary shares are fully paid. There is no par value for these ordinary shares. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at general meetings of the Company.

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

Primarily represents effect of transactions with shareholders (other than those accounted for in merger reserve). Also refer note 6.

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

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

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

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

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

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

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

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

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

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

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

Notes to the consolidated financial statements

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

The consolidated financial statements were authorised for issue by the Board of Directors on 23 July 2018.

1 Corporate information

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

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

Jubilant Pharma Limited through its subsidiaries in USA, Canada, Europe and India is engaged in manufacturing and marketing of various pharmaceutical products and services like active pharmaceutical ingredients, dosage forms (tablets and capsules), contract manufacturing of sterile injectables, allergy therapy products and radiopharmaceutical products in various markets spread over United States, Canada, Europe, Asia and other geographies identified on the basis of revenue earned. Pursuant to an Asset Purchase Agreement ("APA") between Jubilant Draximage Radiopharmacies Inc. (a wholly owned subsidiary) and Triad Isotopes, Inc. during the year ended 31 March 2018 (refer note 24), it is the second largest radiopharmacy network in the US with more than 50 pharmacies under its fold.

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

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

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

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

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

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

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

2 Significant accounting policies

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

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

2.1 Basis of preparation

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

(ii) Historical cost convention

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

2.2 Principles of consolidation

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

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

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

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

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

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

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

2.3 Consolidation procedure

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

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

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

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

2.4 Current versus non-current classification

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

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

The Group classifies all other assets as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

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

2.5 Measurement of fair values

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

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

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

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

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

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

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

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

2.6 Business combination

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

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

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

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

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

(i) Property, plant and equipment

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

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

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

(ii) Intangible assets

- *Goodwill*

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

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

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

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

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

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

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

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

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

The estimated useful lives of assets are as follows:

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

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

The estimated useful lives of intangibles are as follows:

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

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

(iv) Derecognition

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

2.8 Non-current assets held for sale

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

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

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

2.9 Impairment of non-financial assets

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

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

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

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

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

2.10 Financial instrument

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

Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

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

Debt instruments at amortised cost

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

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

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

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

Debt instrument at FVOCI

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

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

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

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

Debt instrument at FVPL

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

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

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

Equity investments

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

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

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

Impairment of financial assets

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

Derecognition of financial liabilities

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

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

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

Financial liabilities

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

Derecognition of financial liabilities

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

Offsetting

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

2.11 Inventories

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

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

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

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

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

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

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

2.12 Cash and cash equivalents

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

2.13 Provisions

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

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

Decommissioning provisions

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

2.14 Revenue recognition

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.15 Employee benefits

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

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

(a) Gratuity

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

(b) Provident fund

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

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

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

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

(iii) Other long-term employee benefits:

Compensated absences

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

(iv) Termination benefits:

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

(v) Actuarial valuation:

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

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

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

2.16 Share-based payments

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

2.17 Finance costs

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

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

2.18 Income tax

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

- ***Current tax:***

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

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

- ***Deferred tax:***

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

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

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

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

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

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

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

2.19 Leases

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

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

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

2.20 Segment reporting

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

2.21 Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

(iii) Group companies

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

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

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

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

2.22 Government grants

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

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

2.23 Critical estimates and judgements

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

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

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

Recent accounting pronouncements

Standards issued but not adopted

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

IFRS 15*, Revenue from Contracts with Customers*

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

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

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

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

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

IFRS 16*, Leases*

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

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

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

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

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

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

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

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

i. Determining whether an arrangement contains a lease

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

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

ii. Transition

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

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

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

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

IFRIC 22*, Foreign Currency Transactions and Advance Consideration*

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

IFRIC 23*, Uncertainty over Income Tax treatments*

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

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

3 Accounting for common control transactions

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

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

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

4 Property, plant and equipment

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

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

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

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

5 Intangible assets

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

Note: Total other intangible assets include finance cost capitalised:

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

(1) Impairment testing of goodwill

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

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

The recoverable amount of the cash generating units was based on its value in use. The value in use of these units was determined to be higher than the carrying amount and an analysis of the sensitivity towards change in key assumptions did not identify any probable scenarios where the CGU recoverable amount would fall below their carry amount.

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

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

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

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

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

(2) Impairment testing of intangible assets

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

6 Non-current investments

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

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

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

7 Other financial assets

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

* These deposits have restricted use.

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

8 Other assets

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

9 Inventories

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

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

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

10 Trade receivables

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

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

11 Cash and cash equivalents

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

12 Loans and borrowings

a) Non-current loans and borrowings

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

b) Current loans and borrowings

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

Terms and debt repayment schedule

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

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

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

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

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

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

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

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

c) Assets pledged as security

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

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

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

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

13 Other financial liabilities

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

14 Deferred tax

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

Deferred tax assets:

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

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

Deferred tax liabilities:

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

Reflected in the Statement of financial position as follows:

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

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

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

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

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

a) Tax losses

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

Tax losses of USD 499,910 and USD 535,331 as at 31 March 2018 and 31 March 2017 will expire during the financial years 2018-38 and 2018-38, respectively. The remaining tax losses do not expire under the current tax legislation.

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

b) Unrecognised temporary differences

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

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

15 Provisions

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

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

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

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

16 Other liabilities

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

17 Trade payables

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

18 Revenue from operations

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

19 Employee benefits expense

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

20 Finance income

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

21 Finance costs

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

22 Other expenses

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

23 Income tax expense

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

Profit or loss section:

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

* Following a significant improvement in trading and service sector conditions of pharma business in Belgium, the Group reviewed previously unrecognized tax losses and determined that it was now probable that taxable profits will be available against which the tax losses can be utilized. As a consequence, deferred tax asset of USD 1,329,326 has been recognized as at 31 March 2018.

Other comprehensive income section:

	2018 USD	2017 USD
Tax related to items that will not be reclassified to profit or loss	26,237	83,110
Income tax benefit to OCI	26,237	83,110

Reconciliation between average effective tax rate and applicable tax rate for the years ended 31 March 2018 and 31 March 2017:

	2018 USD	2017 USD
Profit from continuing operations before income tax expense	72,851,547	73,207,908
Statutory tax rate	17%	17%
Tax at the Singapore tax rate of 17%	12,384,763	12,445,344
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Incremental allowance for research and development	(2,912,884)	(5,127,968)
Effect of prior year reassessments	(1,119,080)	547,038
Effect of state taxes	(751,168)	(48,598)
Tax rate difference*	8,554,958	13,745,697
Unrecognised deferred tax	24,201	250,726
Effect of other permanent differences**	7,553,876	1,135,707
	23,734,666	22,947,946

* Includes USD 2,278,511 relating to deferred tax benefit during the year ended 31 March 2018 consequent to reduction in US federal tax rates from 35% to 21% effective 1 January 2018 pursuant to US tax reforms.

** Primarily includes effect of tax on exempt income, non-deductible expenses and utilisation of deferred tax assets which was originally recognised through equity.

24 Business combination

On 31 August 2017, subject to customary closing conditions, the Group, through Jubilant Draximage Radiopharmacies Inc. (a wholly owned step-down subsidiary), acquired through an Asset Purchase Agreement ("APA") substantially all of the assets comprising the Radiopharmacy Business and assumed only certain specific, related liabilities, from Triad Isotopes, Inc. ("Triad") for a purchase consideration of USD 20,424,358, subject to pending final adjustments to the working capital. The acquisition cost of USD 2,504,000 has been expensed as incurred and included as part of legal and professional expense within other expenses.

Triad operated the second largest radiopharmacy network in the US with more than 50 pharmacies under its fold. This acquisition is a strong strategic fit with our niche radiopharma business and will help us better directly serve healthcare providers and their patients with high quality radiopharma products.

This being a business purchase has been accounted for in accordance with the IFRS 3(R) "Business Combinations" and the preliminary purchase price allocation as at 31 March 2018 due to pending finalization of working capital adjustment and certain information about fair valuation of acquired assets and assumed liabilities, is as follows:

Provisional values:

Particulars	**Fair value USD**
Property, plant and equipment	8,499,210
Other intangible assets	1,614,339
Inventories	4,774,213
Trade receivables	16,594,094
Other financial assets	3,030,679
Other assets	978,130
Loans and borrowings	(3,003,722)
Provisions	(2,158,863)
Trade payables	(17,616,382)
Employee benefits	(3,316,838)
Other liabilities	(344,336)
Net assets acquired	**9,050,524**
Goodwill	11,373,834
Total consideration	**20,424,358**
Consideration paid	(20,143,369)
Consideration payable	**280,989**

Goodwill comprises value of acquired workforce and expected synergies arising from the acquisition. Goodwill is deductible for tax purposes.

From the date of acquisition to 31 March 2018, the acquired business contributed revenue of USD 119,396,227 and loss before tax of USD 12,195,703 to the Group's results. If acquisition had occurred on 1 April 2017, management estimates that the contribution to the Group in terms of revenue would have been USD 209,403,056 and loss before tax would have been USD 18,195,386 for the year ended 31 March 2018, respectively. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 April 2017.

25 Employee benefits

(A) Defined Contribution Plans

a. The Group entities located in India have certain defined contribution plans such as provident fund, employee state insurance, employee pension scheme, wherein specified percentage is contributed to these plans. During the year, the Group has contributed following amounts to:

	2018 USD	2017 USD
Employer's contribution to provident fund*	21,101	18,936
Employer's contribution to employee's pension scheme	391,518	350,318
Employer's contribution to employee state insurance	62,431	36,087

* For certain employees where Provident Fund is deposited with Government authority e.g. Regional Provident Fund Commissioner.

b. The Group entities located in United States of America have a 401(k) plan, where in the regular, full-time and part-time employees are eligible to participate in the defined contribution plan. Participants may voluntarily contribute eligible pre-tax and post-tax compensation in 0.5% increments (1% up to December 2015) of up to 90% of their annual compensation in accordance with the annual limits as determined by the Internal Revenue Service. Eligible employees in one of the States receive a 100% match of their contributions up to 3% of their eligible compensation and 50% match of their contributions from 3%-5% of their eligible compensation. Such employees above the age of 50 years may choose to contribute "catch-up" contributions in accordance with the Internal Revenue Service limits and are matched the same up to the maximum company contribution of 100% of first 3% of eligible compensation and 50% of the next 2% of contribution. The company's matching contributions vest 100% at all time for such employees. Eligible employees in other States receive a 50% match of their contributions up to 6% of their eligible compensation. Such other employees above the age of 50 years may choose to contribute "catch-up" contributions in accordance with the Internal Revenue Service limits and are matched the same up to the maximum Group contribution of 3% of eligible compensation. The Group's matching contributions vest 100% after three years of service for such other employees. The Group has contributed USD 1,932,258 and USD 1,238,450 for the years ended 31 March 2018 and 31 March 2017, respectively.

c. The entities of the Group located in Canada contribute to a Registered Retirement Savings Plan (RRSP), a trust registered with Canada Revenue Agency (CRA) and to Quebec pension plan (QPP). Under RRSP plan, the Group contributes equivalent to the contribution made by the employee, up to a maximum of 5% of the employees' base salary. Under QPP plan, the Group contributes equivalent to the contribution made by the employees at the rate of 5.40% and 5.25% of the employees' base salary for the years ended 31 March 2018 and 31 March 2017, respectively.

During the year, the Group has contributed following amounts to:

Plan under which contributions made	**2018 USD**	**2017 USD**
Registered retirement savings plan (RRSP)	951,485	908,174
Quebec pension plan (QPP)	1,256,188	1,139,797

Further, the entities of the Group located in Belgium contribute to social security fund named as RijksSocialeZekerheid (RSZ). Under these plan employees have to contribute 13% of their compensation and the Group makes a contribution of 33.33% of the employee's annual compensation. The Group has contributed USD 47,634 and USD 64,746 for the years ended 31 March 2018 and 31 March 2017, respectively.

(B) Defined Benefit Plans

i. Gratuity

In accordance with International Accounting Standard (IAS) 19 "Employee Benefits", an actuarial valuation has been carried out in respect of gratuity. The discount rate assumed is 7.70% p.a. and 7.50% p.a. as at 31 March 2018 and 31 March 2017, respectively which is determined by reference to market yield at the Statement of financial position date on government bonds. The retirement age has been considered at 58 years and mortality table is as per IALM (2006-08) as at 31 March 2018 and 31 March 2017.

The estimates of future salary increases, considered in actuarial valuation is 10% p.a. for first three years and 6% p.a. thereafter as at 31 March 2018 and 31 March 2017, taking into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The plans assets are maintained with Life Insurance Corporation of India in respect of gratuity scheme for certain employees of one unit of the Group. The details of investments maintained by Life Insurance Corporation are not available with the Group, hence not disclosed. The expected rate of return on plan assets is 7.70% p.a. and 7.50% p.a. as at 31 March 2018 and 31 March 2017, respectively.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

	2018 USD	**2017 USD**
Present value of obligation at the beginning of the year	2,272,195	1,747,143
Current service cost	422,352	362,555
Interest cost	171,207	136,905
Actuarial loss	82,000	240,145
Benefits paid	(237,561)	(270,143)
Effect of exchange rate changes	(15,323)	55,590
Present value of obligation at the end of the year	2,694,870	2,272,195

Fair Value of Plan Assets:**

	2018 USD	2017 USD
Plan assets at the beginning of the year	333,258	259,793
Actual return on plan assets	33,986	8,666
Contribution by employer	90,779	85,667
Benefits paid	(37,981)	(28,713)
Effect of exchange rate changes	(2,461)	7,846
Plan assets at the end of the year	417,581	333,259

** In respect of one location, the plan assets were invested in insurer managed funds.

Reconciliation of the present value of defined benefit obligation and the fair value of the plan assets:

	2018 USD	2017 USD
Present value of obligation at the end of the year	2,694,870	2,272,195
Fair value of plan assets at the end of the year	(417,581)	(333,259)
Net liabilities recognised in the Statement of financial position	2,277,289	1,938,936

Group's best estimate of contribution during next year is USD 662,229 and USD 586,483 for the year 31 March 2018 and 31 March 2017, respectively.

Expense recognised in the Statement of Profit or Loss and Other Comprehensive income under employee benefits expense:

	2018 USD	2017 USD
Current service cost	422,352	362,555
Interest cost	146,096	116,629
Net cost recognised in the Consolidated statement of profit or loss and other comprehensive income	568,448	479,184

Amount recognised in the Statement of Profit or Loss and Other Comprehensive income under other comprehensive income:

	2018 USD	2017 USD
Actuarial gain due to demographic assumption change	(106)	(1,159)
Actuarial (gain)/loss due to financial assumption change	(30,295)	53,864
Actuarial loss due to experience adjustment	112,402	175,830
Actuarial (gain)/loss on plan assets	(9,220)	11,610
Amount recognised in the other comprehensive income	72,781	240,145

Sensitivity analysis

Assumptions	Discount rates		Future salary increase	
2018				
Sensitivity level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit	(81,802)	86,618	87,201	(83,077)
2017				
Sensitivity level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit	(69,950)	74,149	74,520	(70,924)

The sensitivity analysis above has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant.

ii. Provident Fund:

The Group makes contribution to a recognised provident fund "Vam Employees Provident Fund Trust" (a multiemployer trust) for most of its employees in India, which is a defined benefit plan to the extent that the Group has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

Actuarial assumptions made to determine interest rate guarantee on exempt provident fund liabilities are as follows:

	2018	2017
Discount rate	7.70%	7.50%
Guaranteed rate of return	8.55%	8.65%

The Group has contributed to provident fund USD 809,425 and USD 693,463 for the years ended 31 March 2018 and 31 March 2017.

(C) Other long term benefits (compensated absences):

	2018	2017
Present value of obligation at the end of the year	1,913,538	1,685,910

26 Fair value measurements

	Note	Level of hierarchy	2018 FVPL USD	2018 FVOCI USD	2018 Amortised cost USD	2017 FVPL USD	2017 FVOCI USD	2017 Amortised cost USD
Financial assets								
Investments	(d),(f)	3	–	–	–	–	–	–
Trade receivables	(a)		–	–	105,941,967	–	–	95,450,918
Cash and cash equivalents	(a)		–	–	27,086,489	–	–	48,409,120
Other financial assets	(e),(f)	3	–	–	59,523,146	–	–	51,959,899
Total financial assets			–	–	192,551,602	–	–	195,819,937
Financial liabilities								
Loans and borrowings	(c),(f)	1,3	96,900,000	–	311,592,249	86,189,548	–	358,895,545
Trade payables	(a)		–	–	62,176,755	–	–	50,187,151
Employee benefits	(a),(b)		–	–	20,765,192	–	–	15,209,192
Other financial liabilities	(a)		–	–	11,488,868	–	–	11,532,822
Total financial liabilities			96,900,000	–	406,023,064	86,189,548	–	435,824,710

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values of loans and borrowings, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Loans and borrowings (stock settled debt instrument)	*Discounted cash flows:* The valuation model considers the weighted present value of payments required to be made to the lender upon the occurrence or non-occurrence of specific events (i.e. Initial Public Offering, Private Equity Investment)	• Probabilities assigned to the occurrence of specific events each of which has a specified payout to the lender. • Adjusted discount rate 14% (2017: 10.5%)	The estimated fair value would increase (decrease) if the probabilities assigned to the occurrence of an IPO were greater (lower); the adjusted discount rate was lower (higher)

Financial instruments not measured at fair value

The following table shows the valuation techniques and the significant unobservable inputs used in determination of fair value of the Level 3 financial instruments not measured at fair value:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Loans and borrowings (secured loan)	*Discounted cash flows:* The valuation model considers the present value of expected payments discounted using an adjusted discount rate	Adjusted discount rate Nil (2017: 4.19%)	The estimated fair value would increase (decrease) if the adjusted discount rate was lower (higher)
Other financial assets (loan to related parties)	*Discounted cash flows:* The valuation model considers the present value of expected receipts discounted using an adjusted discount rate	Adjusted discount rate 8.47% (2017: 8.48%)	The estimated fair value would increase (decrease) if the adjusted discount rate was lower (higher)

Although the Group believes that its estimates of fair value are appropriate, the use of different assumptions could lead to different measurements of fair value. For fair value measurements of the stock settled debt instrument, changing one or more of the assumptions used to reasonably possible alternative assumptions would reduce profit or loss by the following amounts:

	Impact on profit or loss USD
2018	
100% probability assigned to an IPO being achieved one year later	(4,806,015)
2017	
100% probability assigned to an IPO being achieved one year later	(2,783,333)

Note:

(a) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.

(b) Fair value of non-current financial liabilities has not been disclosed as there is no significant difference between carrying value and fair value.

(c) Fair value of loans and borrowings is as below:

	Level of hierarchy	Fair value	
		2018 USD	2017 USD
Bond	1	294,750,000	299,250,000
Other borrowings (including current maturities)*	3	111,951,024	146,527,127
Total		406,701,024	445,777,127

* The fair value of borrowings is based upon a discounted cash flow analysis that uses the aggregate cash flows from principal and finance costs over the life of the debt and current market interest rates.

Reconciliation of stock settled debt instrument measured at fair value using level 3 of fair value hierarchy is as below:

	2018 USD	2017 USD
Opening balance	86,189,548	69,800,253
Loss recognised in profit or loss (included in finance costs)	10,710,452	18,189,295
Repayment	–	(1,800,000)
Closing balance	96,900,000	86,189,548

(d) Reconciliation of fair value measurement of investments performed using level 3 of fair value hierarchy is as below:

	2018 USD	2017 USD
Opening balance	–	7,020,614
Transfer to capital reserve	–	(7,020,614)
Closing balance	–	–

(e) Fair value of other financial assets is as below:

	Level of hierarchy	Fair value	
		2018 USD	2017 USD
Other financial assets *	3	59,570,047	51,999,835

* The fair value of other financial assets is based upon a discounted cash flow analysis that uses the aggregate cash flows from principal and finance income over the life of the asset and current market interest rates.

(f) There are no transfers between level 1, level 2 and level 3 during the years ended 31 March 2018 and 31 March 2017.

27 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group, through three layers of defense namely policies and procedures, review mechanism and assurance aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Audit committee of the Board with top management oversees the formulation and implementation of the Risk management policies. The risk and mitigation plan are identified, deliberated and reviewed at appropriate forums.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, investments and other financial assets.

The carrying amount of financial assets represents the maximum credit exposure.

Trade receivables and other financial assets

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information, and business intelligence. Sale limits are established for each customer and reviewed annually. Any sales exceeding those limits require approval from the appropriate authority as per policy.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are institutional, dealers or end user customer, their geographic location, industry, trade history with the Group and existence of previous financial difficulties.

The customers of the Group are spread across North America, Europe, Asia and rest of the world regions though majority of customers are based out of North America, and accordingly, trade accounts receivables are concentrated in these geographies. To reduce credit risk, the Group performs on going credit evaluation of customers. As of 31 March 2018 and 31 March 2017, one customer is having 10.01% and 20.45% share in total trade receivables of the Group respectively.

Expected credit loss for trade receivables:

Based on internal assessment which is driven by the historical experience/ current facts available in relation to default and delays in collection thereof, the credit risk for trade receivables is low. The Group estimates its allowance for trade receivable using lifetime expected credit loss.

The age profile of trade receivables are as follows:

	2018 USD	**2017 USD**
Not due	80,855,105	72,982,272
0-90 days	22,311,492	19,813,286
90-180 days	1,731,675	2,277,713
180-270 days	355,684	354,249
270-360 days	553,590	506,135
More than 360 days	1,830,903	1,720,247
Less: Allowance for credit losses	(1,696,482)	(2,202,984)
	105,941,967	95,450,918

Movement in the expected credit loss allowance of trade receivables are as follows:

	2018 USD	**2017 USD**
Balance at the beginning of the year	2,202,984	2,183,205
Add : Provided during the year (net of reversal)	346,341	205,433
Less : Amount written off */translation adjustment	(852,843)	(185,654)
Balance at the end of the year	1,696,482	2,202,984

* Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Group.

Expected credit loss on financial assets other than trade receivables:

With regards to all financial assets with contractual cash flows other than trade receivables, management believes these to be high quality assets with negligible credit risk. The management believes that the parties from which these financial assets are recoverable, have strong capacity to meet the obligations and where the risk of default is negligible or nil and accordingly no provision for excepted credit loss has been provided on these financial assets. Break up of financial assets other than trade receivables have been disclosed on consolidated statement of financial position.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's treasury department is responsible for managing the short term and long term liquidity requirements. Short term liquidity situation is reviewed daily by Treasury. Longer term liquidity position is reviewed on a regular basis by the Board of Directors and appropriate decisions are taken according to the situation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and exclude the impact of netting agreements.

		Contractual cash flows		
	Carrying amount USD	**Total USD**	**Within 1 year USD**	**More than 1 year USD**
At 31 March 2018				
Non-derivative financial liabilities				
Loans and borrowings [(1) (2)]	408,492,249	411,951,024	14,489,963	397,461,061
Trade payables	62,176,755	62,176,755	62,176,755	–
Other financial liabilities	11,488,868	11,488,868	11,488,868	–
Employee benefits	20,765,192	20,765,192	16,956,491	3,808,701
	502,923,064	506,381,839	105,112,077	401,269,762
At 31 March 2017				
Non-derivative financial liabilities				
Loans and borrowings [(1) (2)]	445,085,093	450,579,922	38,894,116	411,685,806
Trade payables	50,187,151	50,187,151	50,187,151	–
Other financial liabilities	11,532,822	11,532,822	11,532,822	–
Employee benefits	15,209,192	15,209,192	12,000,470	3,208,722
	522,014,258	527,509,087	112,614,559	414,894,528

(1) Carrying amount presented as net of unamortised transaction cost.

(2) Contractual cash flows exclude interest payable.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily the INR, USD, CAD and Euro. The currencies in which these transactions are primarily denominated are INR, USD, CAD and Euro.

The Group follows a natural hedge driven currency risk mitigation policy to the extent possible. Any residual risk is evaluated and appropriate risk mitigating steps are taken, including but not limited to entering into forward contracts and interest rate swaps.

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk with counterparties outside the Group is as follows:

	USD	EUR	CAD	Others
2018				
Trade and other receivables	89,409,570	3,093,738	–	2,031,680
Cash and cash equivalents	7,636,567	7,300	639,483	403,236
Loans and borrowings	175,000	–	–	–
Trade and other payables	24,689,243	1,520,486	1,274,261	1,886,041
Net statement of financial position exposure	72,181,894	1,580,552	(634,778)	548,875
2017				
Trade and other receivables	33,035,759	1,323,379	182,120	506,788
Cash and cash equivalents	34,599,712	–	–	52,230
Loans and borrowings	8,613,741	–	–	–
Trade and other payables	5,980,142	–	–	31,096
Net statement of financial position exposure	53,041,588	1,323,379	182,120	527,922

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Euro, US dollar or CAD against all other currencies at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or loss (before tax)		OCI (before tax)	
	Strengthening	**Weakening**	**Strengthening**	**Weakening**
2018				
USD (1% movement)	721,819	(721,819)	–	–
EUR (1% movement)	15,806	(15,806)	–	–
CAD (1% movement)	(6,348)	6,348	–	–
Others (1% movement)	5,489	(5,489)	–	–
2017				
USD (1% movement)	530,416	(530,416)	–	–
EUR (1% movement)	13,234	(13,234)	–	–
CAD (1% movement)	1,821	(1,821)	–	–
Others (1% movement)	5,279	(5,279)	–	–

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Group are principally denominated in rupees and US dollars with a mix of fixed and floating rates of interest. The Group has exposure to interest rate risk, arising principally on changes in LIBOR and other benchmark lending rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

Exposure to interest rate risk

The interest rate profile of the Group's interest bearing financial instruments as reported to the management of the Group is as follows:

	Nominal amounts	
	2018	**2017**
	USD	**USD**
Fixed-rate borrowings	302,881,011	301,971,324
Floating-rate borrowings	12,170,013	61,708,598

The sensitivity analyses below have been determined based on the exposure to interest rates for floating rate liabilities assuming the amount of the liability outstanding at the year-end was outstanding for the whole year.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's profit would decrease/increase by USD 43,700 and USD 14,253 for the years ended 31 March 2018 and 31 March 2017. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

28 Capital management

Risk management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the statement of financial position, including non-controlling interests).

The gearing ratios were as follows:

Particulars	**2018** **USD**	**2017** **USD**
Net debt	381,405,760	396,675,973
Total equity	384,166,646	328,230,911
Net debt to equity ratio	0.99	1.21

29 Segment information

(a) Description of segments and principal activities

The Chairman and Managing Director of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by IFRS 8, Operating Segments. Operating Segments have been defined and presented based on the regular review by the CODM to assess the performance of segment and to make decision about allocation of resources. Hitherto, the Group presented "Pharmaceuticals" as one operating segment, however driven by market conditions and other business developments, the CODM has now decided to regularly review information at below mentioned segment levels. Accordingly, the Group has determined following reportable segment based on nature of its product and service and previous year figure have now been presented to conform to current year presentation:

- **Active Pharmaceuticals Ingredients (APIs) and Generics**; and
- **Specialty Pharmaceuticals:** Radiopharmaceuticals, Allergy Therapy products and Contract manufacturing operations (CMO) of Sterile Injectables.

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the Group as a whole.

No operating segments have been aggregated to form the above reportable operating segments.

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and not allocable to segments on reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

Finance costs, finance income and fair value gains and losses on financial instruments are not allocated to individual segments as the underlying instruments are managed on a Group basis.

Borrowings, current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a Group basis.

(b) Information about reportable segments (also refer note 24)

	Total segment revenue		Inter-segment revenue		Revenue from external customers	
	2018 USD	2017 USD	2018 USD	2017 USD	2018 USD	2017 USD
REVENUE						
APIs and Generics	209,806,732	214,194,750	164,000	316,600	209,642,732	213,878,150
Specialty Pharmaceuticals	409,522,856	246,693,983	–	–	409,522,856	246,693,983
Total	619,329,588	460,888,733	164,000	316,600	619,165,588	460,572,133

	2018 USD	2017 USD
RESULTS		
APIs and Generics	(2,603,866)	30,526,159
Specialty Pharmaceuticals	110,670,025	85,957,392
Segment total	108,066,159	116,483,551
Un-allocated corporate expenses (net of un-allocated income)	(12,332,882)	(8,660,499)
Finance income	4,606,794	2,125,274
Finance costs	(27,488,525)	(36,740,418)
Profit before tax	72,851,546	73,207,908
Income tax expense	(23,734,666)	(22,947,946)
Profit for the year	49,116,880	50,259,962

	Segment assets		Segment liabilities	
	2018 USD	2017 USD	2018 USD	2017 USD
APIs and Generics	402,942,945	399,507,672	46,351,984	44,999,123
Specialty Pharmaceuticals	466,128,888	413,334,193	52,293,557	32,767,276
Segment total	869,071,833	812,841,865	98,645,541	77,766,399
Un-allocated corporate assets / liabilities	56,056,369	75,077,997	442,316,015	481,922,552
Total	925,128,202	887,919,862	540,961,556	559,688,951

	Capital expenditure		Depreciation, amortisation and impairment	
	2018 USD	2017 USD	2018 USD	2017 USD
APIs and Generics	34,493,082	35,202,840	28,458,442	16,393,993
Specialty Pharmaceuticals	16,568,897	15,516,599	27,198,029	14,635,433
Segment total	51,061,979	50,719,439	55,656,471	31,029,426
Un-allocated	9,283	86,177	63,054	59,698
Total	51,071,262	50,805,616	55,719,525	31,089,124

(c) Geographical information (also refer note 24)

The geographical information analyses the Group's revenue and non-current assets by the Company's country of domicile and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of customers and segment assets were based on the geographical location of the assets:

(i) Segment revenues:

	2018 USD	2017 USD
North America	495,649,473	325,091,828
Europe	57,794,592	80,225,276
Asia	39,502,471	31,977,331
Rest of the world	26,219,052	23,277,698
Total	619,165,588	460,572,133

(ii) Segment non-current assets*:

	2018 USD	2017 USD
North America	398,599,702	378,035,914
Europe	11,464,366	9,787,974
Asia**	160,442,613	156,155,666
Total	570,506,681	543,979,554

* Non-current assets exclude financial instruments and deferred tax assets.
** Asia includes USD 78,140 and USD 112,637 as at 31 March 2018 and 31 March 2017, respectively, based in Singapore (country of domicile).

(d) Major customer

For the years ended 31 March 2018 and 31 March 2017, there is one customer of Specialty Pharmaceuticals segment contributing 84,564,321 and 51,749,278, respectively of the consolidated revenue of the Group.

30 Related parties

The immediate and ultimate holding company during the financial year is Jubilant Life Sciences Limited which is incorporated in India.

Transactions with related parties

	2018 USD	2017 USD
Purchase of goods and services from:		
- Jubilant Biosys Limited	–	12,801
- Jubilant Life Sciences (USA) Inc.	261,492	236,879
- Jubilant Chemsys Limited	–	7,601
- Jubilant Life Sciences Limited	1,231,788	981,245
Sale of goods and services to:		
- Jubilant Life Sciences Limited	33,159	114,652
Reimbursement of expenses:		
- Jubilant Life Sciences Limited	8,507,113	7,659,011
- Jubilant Life Sciences (USA) Inc.	–	25,752
- Jubilant Chemsys Limited	7,436	6,186
- Jubilant Biosys Limited	–	11,490
Recovery of expenses:		
- Jubilant Life Sciences Limited	287,533	65,036
- Jubilant Life Sciences (USA) Inc.	156,383	138,807
- Jubilant Discovery Services Inc.	71,917	89,301
- Jubilant Drug Discovery & Development Services Inc.	172,238	9,016
- Jubilant Chemsys Limited	248,490	–
- Jubilant Agri and Consumer Products Limited	70,643	56,777
- Jubilant Life Sciences (Switzerland) Inc.	–	2,032
- Jubilant Life Sciences NV	136,973	132,441
Loans and borrowings taken:		
- Jubilant Life Sciences Limited	28,357,862	–
Loans and borrowings repaid:		
- Jubilant Life Sciences Limited	27,273,431	–
- Jubilant Innovation (USA) Inc.	1,800,000	–
Loans and borrowings given:		
- Jubilant Life Sciences Limited	852,053	48,464,062
- Drug Discovery and Development Solutions Limited	1,750,000	–
Loans and borrowings received back:		
- Jubilant Life Sciences Limited	852,053	–
- Drug Discovery and Development Solutions Limited	1,750,000	–

	2018 USD	2017 USD
Interest on borrowings/payable for business purchase:		
- Jubilant Life Sciences Limited	70,171	–
- Jubilant Innovation (USA) Inc.	21,533	–
Interest on loans and borrowings borrowing given:		
- Jubilant Life Sciences Limited	4,285,846	1,881,004
- Drug Discovery and Development Solutions Limited	9,227	–
Sale of Merchandise Exports from India Scheme (MEIS) scripts		
- Jubilant Life Sciences Limited	2,289,430	4,350,582
Group's contribution to provident fund trust:		
- Vam Employees Provident Fund Trust	809,425	693,463
Rent expenses:		
- Jubilant Life Sciences Limited	874,671	–
- Jubilant Enpro Private Limited	92,796	–
Sale of assets:		
- Jubilant Drug Development and Discovery Services Inc	–	58,420
Transactions with key managerial personnel		
- Short term employee benefits	3,656,359	2,540,148
- Defined contribution plan	7,042	5,074
- Sitting Fee	66,000	48,500
- Director Fee	102,362	75,000
	3,831,763	2,668,722

The balances receivable from and payable to related parties are summarised as follows:

Due from related parties

Loans (including interest) receivable

	2018 USD	2017 USD
- Jubilant Life Sciences Limited	50,193,589	50,441,266

Trade receivables

	2018 USD	2017 USD
- Jubilant Life Sciences Limited	255,734	273,768
- Jubilant Life Sciences NV	71,252	–
	326,986	273,768

Advance recoverable

	2018 USD	2017 USD
- Jubilant Drug Discovery and Development Services Inc.	75,476	67,340
- Jubilant Discovery Services Inc.	16,839	334,092
- Jubilant Chemsys Limited	20,294	306
- Jubilant Life Sciences (USA) Inc.	180,427	54,521
- Jubilant Life Sciences Limited	512,117	124,972
- Jubilant Agri and Consumer Products Limited	16,127	29,154
	821,280	610,385

Due to related parties

Loans (including interest) payable

	2018 USD	2017 USD
- Jubilant Life Sciences Limited	1,074,115	–
- Jubilant Innovation (USA) Inc.	–	1,879,855
	1,074,115	1,879,855

Trade payables

	2018 USD	2017 USD
- Jubilant Life Sciences Limited	2,592,425	10,479,910
- Jubilant Life Sciences (USA) Inc.	1,152,117	406,482
- Jubilant Life Sciences NV	–	87,794
- Jubilant Biosys Limited	58,561	68,970
- Jubilant Discovery Services Inc.	7,000	7,000
- Jubilant Life Sciences (Switzerland) AG	–	3,099
	3,810,103	11,053,255

31 Contingent liabilities to the extent not provided for

(a) Guarantees:

Outstanding guarantees furnished by banks on behalf of the Group is USD 127,148 and USD 8,327 as at 31 March 2018 and 31 March 2017, respectively.

(b) Claims against Group, disputed by the Group, not acknowledged as debt:

	2018 USD	2017 USD
Central Excise	283,935	71,781
Customs	1,211	1,218
Service Tax	4,872,607	352,352
Income Tax	22,100,000	–
Others	3,115	386,739
	27,260,868	812,090

Future cash outflows in respect of the above matters as well as for matters listed under note 31(c) below are determinable only on receipt of judgments/decisions pending at various stages/forums.

(c) Other contingent liabilities

(a) A customer had filed an arbitration claim in 2013 before the International Court of Arbitration, International Chamber of Commerce, Paris ("ICC") against Jubilant Pharmaceuticals NV (JPNV), a subsidiary of the Group in Belgium alleging contravention of certain provisions of Licensing and Supply agreement between the parties and claiming damages (excluding interest) amounting to €2,083,421 (USD 2,583,442 and USD 2,226,134 as at 31 March 2018 and 31 March 2017, respectively). JPNV has also filed a counter claim against this customer for damages amounting to €2,379,678 (USD 2,950,800 and USD 2,542,685 as at 31 March 2018 and 31 March 2017, respectively) in the same dispute. During the current year, Partial Award No. 2 dated 5 September 2017 was passed by the Arbitrator wherein claims of the customer were allowed for €668,684 (USD 829,168) but the customer was restrained from using, either directly or indirectly, Jubilant Dossiers and also directed to return Jubilant Dossiers to Jubilant. The customer filed a review of the Partial Award No. 2 which was rejected by the Sole Arbitrator on 9 October 2017. Further, Partial Award No. 3 dated 14 February 2018 was passed by the Arbitrator making the customer liable for damages of €5,000 (USD 6,200) per day for any use, either directly or indirectly, of Jubilant Dossiers and €1,000 (USD 1,240) per day for non-return of Dossiers to Jubilant before 16 March 2018. The Arbitrator is yet to decide on the counterclaims filed by Jubilant. On 5 March 2018, the customer has also challenged the Partial Awards before Court of Brussels, on which Jubilant is filing its reply. Additionally, on 19 March 2018, the customer has filed a challenge against the Sole Arbitrator before the ICC alleging lack of impartiality and seeking his replacement. Jubilant has filed its reply thereon on 3 April 2018, which is under consideration of the ICC.

(b) Additionally, the Group is involved in other disputes, lawsuits, claims, governmental and/or regulatory inspections, inquiries, investigations and proceedings, including commercial matters that arise from time to time in the ordinary course of business. The Group believes that none of these matters, either individually or in aggregate, are expected to have any material adverse effect on its consolidated financial statements.

32 Commitments as at year end

(a) Capital commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) is as under:

	2018 USD	2017 USD
Property, plant and equipment	13,943,261	17,170,440
Intangibles assets	1,011,820	896,972
	14,955,081	**18,067,412**

(b) For lease commitments, refer note 33.

(c) Other commitments:

Export obligation undertaken by the Group under EPCG scheme to be completed over a period of six years on account of import of capital goods with no import duty and remaining outstanding is USD 1,953,435 and USD 1,821,280 as at 31 March 2018 and 31 March 2017, respectively. Similarly, export obligation under Advance License Scheme on duty free import of specific raw materials, remaining outstanding is USD 2,904,602 and USD 17,809,715 as at 31 March 2018 and 31 March 2017, respectively.

33 Leases

(i) Operating lease payments under cancellable leases:

	2018 USD	2017 USD
Premises and equipment	1,046,801	841,784
Vehicles*	46,631	53,268
	1,093,432	895,052

* Included under vehicle running and maintenance expense in note 22.

(ii) The Group has significant operating lease arrangements which are non-cancellable for a period up to 5 years. The leases have varying terms, escalation clauses and renewal rights.

The schedule of future minimum lease rental payments in respect of non-cancellable operating leases is set out below:

	Minimum lease payments	
	2018 USD	2017 USD
Not later than one year	4,422,512	831,905
Later than one year but not later than five years	6,998,092	2,336,269
Later than five years	314,423	–
	11,735,027	3,168,174
Operating lease expenses	3,675,852	983,320

(iii) Assets acquired under finance lease:

Future minimum lease payments and their present values under finance leases in respect of vehicles are as follows:

Particulars	Minimum lease payments		Present value of minimum lease payments		Future interest	
	2018 USD	2017 USD	2018 USD	2017 USD	2018 USD	2017 USD
Not later than one year	1,330,851	67,217	1,245,835	47,016	85,016	20,200
Later than one year but not later than five years	522,657	150,686	477,965	124,225	44,692	26,307
Later than five years	87,251	–	83,096	–	4,155	–

There is no element of contingent rent or sub lease payments. There are no restrictions imposed by these lease arrangements regarding dividend and additional debt.

34 Employee Stock Option Scheme

Jubilant India has two stock option plans in place namely:

- Jubilant Employees Stock Option Plan, 2005 ("Plan 2005")
- JLL Employees Stock Option Plan, 2011 ("Plan 2011")

Jubilant India has Nomination, Remuneration and Compensation Committee ('Committee') of the Board of Directors which comprises a majority of Independent Directors is responsible for administration and supervision of the Stock Option Plans. During the year ended 31 March 2009, members approved constitution of Jubilant Employees Welfare Trust.

Both plans allows grant of option stock to eligible categories of employees of the Company and its subsidiaries (including partnership) at its market price.

Under Plan 2005, as amended, and under Plan 2011, each option, upon vesting, shall entitle the holder to acquire five equity shares of INR 1 each. Options granted up to 28 August 2009 will vest entirely within two years from the grant date, with certain lock-in provisions. Options granted after 28 August 2009 will vest gradually over a period of 5 years from the grant date, without any lock-in provisions.

Under Plan 2011, each option, upon vesting, shall entitle the holder to acquire one equity share of 1 each. Options granted will vest gradually over a period of 3 years from the grant date. Vesting of Options is a function of achievement of performance criteria or any other criteria, as specified by the Committee and communicated in the grant letter.

	PLAN 2005						PLAN 2011		
	Vesting schedule (With lock in) Applicable for grants made up to 28 August 2009			Vesting Schedule (Without lock in) Applicable for grants made after 28 August 2009			Vesting schedule		
Sr. No	% of options scheduled to vest	Vesting date	Lock-in period	% of options scheduled to vest	Vesting date	Lock-in period	% of options scheduled to vest	Vesting date	Lock-in period
1.	10	1 year from grant date	Nil	10	1 year from grant date	Nil	20	1 year from grant date	Nil
2.	15	2 years from grant date	Nil	15	2 years from grant date	Nil	30	2 years from grant date	Nil
3.	20	2 years from grant date	1 year from vesting date	20	3 years from grant date	Nil	50	3 years from grant date	Nil
4.	25	2 years from grant date	2 years from vesting date	25	4 years from grant date	Nil			
5.	30	2 years from grant date	3 years from vesting date	30	5 years from grant date	Nil			

There were no options granted during the years ended 31 March 2018 and 31 March 2017, accordingly disclosures as required under IFRS 2 w.r.t. weighted average fair value of stock options granted during the year is not applicable.

The movement in the stock options under both the Plans, during the year, is set out below:

Under Plan 2005

Particulars	For the year ended 31 March 2018		For the year ended 31 March 2017	
	Number of options	Weighted average exercise price (USD)	Number of options	Weighted average exercise price (USD)
Outstanding at the beginning of the year	500	4.85	21,000	3.87
Forfeited during the year	–	–	(9,500)	3.75
Exercised during the year	(500)	4.85	(11,000)	3.73
Outstanding at the end of the year	–	–	500	4.85
Exercisable at the end of the year	–	–	500	4.85

Under Plan 2011

Particulars	For the year ended 31 March 2018		For the year ended 31 March 2017	
	Number of options	Weighted average exercise price (USD)	Number of options	Weighted average exercise price (USD)
Outstanding at the beginning of the year	16,260	3.32	58,265	4.71
Forfeited during the year	(5,826)	3.32	(4,325)	3.26
Exercised during the year	(3,068)	3.42	(37,680)	3.23
Outstanding at the end of the year	7,366	3.28	16,260	3.32
Exercisable at the end of the year	7,366	3.28	16,260	3.32

The weighted average share price for share options exercised during the years ended 31 March 2018 and 31 March 2017 was USD 12.46 and USD 8.49, respectively.

Fair value of options granted

The weighted average fair value of options granted for Plan 2005 and Plan 2011 were USD 1.45 per option and USD 1.31 per option respectively. The fair value at grant date is determined using the Black-Scholes-Merton which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The following tables list the inputs to models used for fair valuation of two plans:

Particulars	Plan 2005	Plan 2011
Expected volatility	29.73% - 41.76%	38.36% - 45.95%
Risk free interest rate	7.52% - 9.44%	7.74% - 8.81%
Exercise price (INR)	198.55 - 359.25	170.20 - 220.90
Expected dividend yield	0.51% - 0.90%	0.63% - 1.10%
Life of options (years)	4.25	3.65

Expected volatility has been based on an evaluation of the historical volatility of the share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

Expense arising from share-based payment transaction

The expenses arising from share-based payment transaction recognised in profit or loss as part of employee benefit expense for the years ended 31 March 2018 and 31 March 2017 were USD Nil and USD 7,405 respectively.

Share options outstanding at the end of the year:

Options	Options outstanding as at 31 March 2018	Options outstanding as at 31 March 2017	Remaining contractual life (in years) as at 31 March 2018	Remaining contractual life (in years) as at 31 March 2017	Exercise Price USD
Option Plan 2005	–	500	–	–	–
Option Plan 2011	7,366	16,260	–	–	3.28

Stock option plan of Cadista Holdings Inc.

Cadista Holdings Inc. has issued 749,547 stock options during the period 1995 to 2000 providing option to purchase equal number of common stock of Cadista Holdings Inc.at a price ranging from USD 0.80 to USD 1.60 per share and the weighted average exercisable price of these options is USD 1.54 as at each year end. The options were granted at exercise prices higher than the fair values on grant dates. All of the options are fully vested as at 1 July 2005 and remain unexercised since then.

Pursuant to the terms of the merger, each option to purchase shares that was issued by Cadista and was outstanding at the effective time of the merger on 22 December 2014, was at the effective time of the merger, automatically cancelled, and the holder of such option was entitled to receive cash (without interest, and less any applicable withholding taxes) equal to the product of (i) the excess, if any, of the merger consideration (USD 1.60 per share) over the per share exercise price of such option, multiplied by (ii) the number of shares subject to such option. Options with an exercise price that was equal to or greater than the merger consideration, upon the consummation of the merger, were cancelled without consideration. Holders of stock options are not entitled to exercise appraisal rights under Delaware law.

The erstwhile option holders holding 59,500 options at an exercise price of USD 0.80 per share have the right to make a claim for the differential amount of USD 0.80 per share totalling to 47,600, hence the Group has provided liability for the same in the books of account during the year ended 31 March 2015. Further, during the year ended 31 March 2016 one option holder claimed USD 4,200 for 5,250 options held which was adjusted with the total liability. There have been no more claims of any options during the years ended 31 March 2018 and 31 March 2017.

35 Subsequent events

The board of directors of the Company at its meeting held on 23 July 2018 resolved to evaluate fund raising opportunity through initial public offering which could result in dilution of the Jubilant India's stake in the Company.

Jubilant Pharma Limited
and its subsidiaries
Registration Number: 200506887H

Consolidated Interim Financial Statements
For the nine-month period ended 31 December 2018

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Independent Auditors' Report on Review of Consolidated Interim Financial Statements

To the Board of Directors of Jubilant Pharma Limited

Introduction

We have reviewed the accompanying consolidated statement of financial position of Jubilant Pharma Limited ("the Company") and its subsidiaries and partnerships (collectively referred to as "the Group") as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine month period then ended, and notes, comprising significant accounting policies and other explanatory information ("the consolidated interim financial statements"). Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with International Financial Reporting Standards (IFRS) including the requirements of International Accounting Standard ("IAS") 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not give a true and fair view of the financial position of the Group as at 31 December 2018, and of its financial performance and its cash flows for the nine month period then ended in accordance with IFRS including the requirements of IAS 34, 'Interim Financial Reporting'.

KPMG

KPMG
25 February 2019
Singapore

Consolidated Statement of Financial Position
As at 31 December 2018 and 31 March 2018

	Note	As at 31 December 2018 USD	As at 31 March 2018 USD
Non-current assets			
Property, plant and equipment	3	281,134,472	278,365,913
Goodwill	4	163,679,258	168,634,149
Other intangible assets	4	109,641,896	117,320,360
Other financial assets	5	47,578,104	50,843,675
Income tax assets		1,329,785	1,422,997
Deferred tax assets (net)	12	23,214,351	25,759,953
Other non-current assets	6	5,973,247	4,763,262
Total non-current assets		**632,551,113**	**647,110,309**
Current assets			
Inventories	7	130,766,343	112,185,889
Trade receivables	8	101,297,442	105,941,967
Other financial assets	5	9,367,030	8,679,471
Income tax assets		1,513	910,651
Other current assets	6	28,335,346	23,213,426
Cash and cash equivalents	9	59,609,588	27,086,489
Total current assets		**329,377,262**	**278,017,893**
Total assets		**961,928,375**	**925,128,202**
Equity			
Equity share capital		326,758,994	326,758,994
Merger reserve		(68,787,724)	(68,787,724)
Retained earnings		229,135,101	160,303,396
Foreign currency translation reserve		(55,373,855)	(22,222,177)
Other components of equity		(11,916,032)	(11,885,843)
Total equity attributable to owners of the Company		**419,816,484**	**384,166,646**

The accompanying notes form an integral part of these consolidated interim financial statements.

Consolidated Statement of Financial Position (cont'd)
As at 31 December 2018 and 31 March 2018

	Note	As at 31 December 2018 USD	As at 31 March 2018 USD
Non-current liabilities			
Loans and borrowings	10(a)	400,277,310	394,002,286
Employee benefits		3,553,950	3,808,701
Deferred tax liabilities (net)	12	19,269,849	16,693,790
Provisions	13	2,182,271	2,168,810
Other non-current liabilities	14	1,032,164	1,190,536
Total non-current liabilities		**426,315,544**	**417,864,123**
Current liabilities			
Loans and borrowings	10(b)	9,987,257	14,489,963
Employee benefits		16,088,407	16,956,491
Trade payables	15	65,478,324	62,176,755
Other financial liabilities	11	11,926,329	11,488,868
Income tax liabilities		5,470,738	9,395,279
Other current liabilities	14	6,845,292	8,590,077
Total current liabilities		**115,796,347**	**123,097,433**
Total liabilities		**542,111,891**	**540,961,556**
Total equity and liabilities		**961,928,375**	**925,128,202**

The accompanying notes form an integral part of these consolidated interim financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the nine-month period ended 31 December 2018 and 2017

	Note	Nine-month period ended 31 December 2018 USD	Nine-month period ended 31 December 2017 USD
Revenue from operations	16	562,858,842	426,760,422
Other income	17	6,576,606	471,112
Total income		**569,435,448**	**427,231,534**
Cost of materials consumed		(151,498,247)	(110,341,181)
Purchases of stock-in-trade		(9,229,025)	(8,045,038)
Changes in inventories of finished goods, stock-in-trade and work-in-progress		13,440,287	7,235,404
Employee benefits expense	18	(160,275,347)	(126,111,931)
Depreciation, amortisation and impairment	3,4	(29,921,059)	(25,947,647)
Other expenses	21	(106,547,547)	(85,903,903)
Result from operating activities		**125,404,510**	**78,117,238**
Finance income	19	3,443,835	3,472,313
Finance costs	20	(18,596,625)	(20,198,832)
Net finance costs		**(15,152,790)**	**(16,726,519)**
Profit before tax		**110,251,720**	**61,390,719**
Income tax expense	22	(33,251,015)	(17,788,065)
Profit for the period		**77,000,705**	**43,602,654**
Other comprehensive income/(loss)			
Items that will be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(33,151,678)	17,831,365
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit obligations	24	(46,405)	(187,270)
Income tax relating to items that will not be reclassified to profit or loss		16,216	64,810
Other comprehensive income for the period, net of tax		**(33,181,867)**	**17,708,905**
Total comprehensive income for the period		**43,818,838**	**61,311,559**

The accompanying notes form an integral part of these consolidated interim financial statements.

Consolidated Statement of Changes in Equity
For the nine-month period ended 31 December 2018 and 2017

	‹---------- Attributable to owners of the Company ----------›						
	Equity share capital ** USD	**Merger reserve # USD**	**Other capital reserve ## USD**	**Remeasurement of defined benefit obligations @@ USD**	**Foreign currency translation reserve ^ USD**	**Retained earnings USD**	**Total attributable to owners of the Company USD**
At 1 April 2017	326,758,994	(68,787,724)	(11,441,561)	(397,738)	(29,087,576)	111,186,516	328,230,911
Total comprehensive (loss)/income for the period							
Profit for the period	–	–	–	–	–	43,602,654	43,602,654
Other comprehensive (loss)/income for the period, net of tax	–	–	–	(122,460)	17,831,365	–	17,708,905
Total comprehensive (loss)/income for the period	–	–	–	(122,460)	17,831,365	43,602,654	61,311,559
At 31 December 2017	326,758,994	(68,787,724)	(11,441,561)	(520,198)	(11,256,211)	154,789,170	389,542,470
At 1 April 2018	326,758,994	(68,787,724)	(11,441,561)	(444,282)	(22,222,177)	160,303,396	384,166,646
Total comprehensive (loss)/income for the period							
Profit for the period	–	–	–	–	–	77,000,705	77,000,705
Other comprehensive (loss)/income for the period, net of tax	–	–	–	(30,189)	(33,151,678)	–	(33,181,867)
Total comprehensive (loss)/income for the period	–	–	–	(30,189)	(33,151,678)	77,000,705	43,818,838
Transactions with equity holders in their capacity as equity holders							
Dividend distribution to shareholders*	–	–	–	–	–	(8,169,000)	(8,169,000)
Total comprehensive (loss)/income for the period	–	–	–	(30,189)	(33,151,678)	68,831,705	35,649,838
At 31 December 2018	326,758,994	(68,787,724)	(11,441,561)	(474,471)	(55,373,855)	229,135,101	419,816,484

The accompanying notes form an integral part of these consolidated interim financial statements.

** No. of shares as at 31 December 2018 and 31 March 2018 is 326,758,994. There is no change in the number of shares during the respective periods. All issued ordinary shares are fully paid. There is no par value for these ordinary shares. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at general meetings of the Company.

Represents difference between the consideration and carrying amount of net assets/liabilities for transactions among entities under common control to transfer out/in of any business or shares of entities under common control.

Primarily represents effect of transactions with shareholders (other than those accounted for in merger reserve).

@@ Remeasurement of defined benefit obligations comprises actuarial gains and losses and return on plan assets.

^ Exchange differences arising on translation of foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within the equity. The related cumulative amount is reclassified to profit or loss when the Group dispose or partially dispose off its interest in a foreign operation through sale, liquidation, repayment of share capital or abandonment of all, or part of, that entity.

* The board of directors of the Company at its meeting held on 12 September 2018 declared an interim dividend amounting to USD 8,169,000 (USD 0.025 per equity share) to the shareholder of the Company.

The accompanying notes form an integral part of these consolidated interim financial statements.

Consolidated Statement of Cash Flows
For the nine-month period ended 31 December 2018 and 2017

	Nine-month period ended 31 December 2018 USD	Nine-month period ended 31 December 2017 USD
Cash flows from operating activities		
Profit before tax	110,251,720	61,390,719
Adjustments for:		
Depreciation, amortisation and impairment	29,921,059	25,947,647
Unrealised foreign exchange (gain)/loss, net	(2,730,393)	48,264
Finance income	(3,443,835)	(3,472,313)
Finance costs	18,596,625	20,198,832
Gain on disposal of property, plant and equipment (net)	(290,255)	(29,146)
Dividend income	–	(2,114)
Operating cash flow before working capital changes	152,304,921	104,081,889
Decrease in trade accounts receivable	2,399,667	30,166,988
Increase in other assets including other financial assets	(1,375,695)	(20,181,714)
Increase in inventories	(22,045,571)	(2,116,474)
Increase in trade payables	1,844,993	4,569,178
Decrease in other liabilities including other financial liabilities	(3,279,264)	(6,507,572)
Cash generated from operations	129,849,051	110,012,295
Income taxes paid (net of refund)	(31,031,536)	(26,954,529)
Net cash generated from operating activities	98,817,515	83,057,766
Cash flows from investing activities		
Acquisition of property, plant and equipment and other intangible assets	(35,300,833)	(36,235,949)
Proceeds from disposal of property, plant and equipment	731,086	568,991
Acquisition of business (refer note 23)	(1,462,353)	(20,143,369)
Interest received	1,899,438	3,082,708
Dividend received	–	2,114
Net cash used in investing activities	(34,132,662)	(52,725,505)

The accompanying notes form an integral part of these consolidated interim financial statements.

Consolidated Statement of Cash Flows (cont'd)
For the nine-month period ended 31 December 2018 and 2017

	Nine-month period ended 31 December 2018 USD	Nine-month period ended 31 December 2017 USD
Cash flows from financing activities		
Repayments of long term loans and borrowings ^	(3,337,413)	(34,620,250)
(Repayments of)/proceeds from short term loans repayable on demand, net	(2,590,542)	2,503,101
Repayments of short term loans to related parties, net	(1,045,869)	(1,800,000)
Dividend paid	(8,169,000)	–
Finance costs paid	(15,409,087)	(17,122,638)
Net cash used in financing activities	(30,551,911)	(51,039,787)
Net increase/(decrease) in cash and cash equivalents	34,132,942	(20,707,526)
Effect of exchange rate changes	(1,609,843)	1,027,843
Cash and cash equivalents at the beginning of the period	27,086,489	48,409,120
Cash and cash equivalents at the end of the period (refer note 9)	59,609,588	28,729,437

^ Revolver credit facility of Jubilant HollisterStier LLC is presented on net basis.

The accompanying notes form an integral part of these consolidated interim financial statements.

Notes to the consolidated interim financial statements

These notes form an integral part of the consolidated interim financial statements.

The consolidated interim financial statements were authorised for issue by the Board of Directors on 25 February 2019.

1 Corporate information

Jubilant Pharma Limited ("JPL, Singapore" or "the Company") is incorporated and domiciled in Singapore. The address of its registered office is 80 Robinson Road, #02-00 Singapore 068898. The address of its principal place of business is 6 Temasek Boulevard, #20-06 Suntec Tower Four, Singapore 038986. These consolidated interim financial statements comprise the Company and its subsidiaries (including partnerships) (collectively hereinafter referred to as "the Group").

Jubilant Life Sciences Limited ("Jubilant India") is the immediate and ultimate holding company of JPL, Singapore.

Jubilant Pharma Limited through its subsidiaries in United States, Canada, Europe, Asia and other geographies is engaged in manufacturing and marketing of various pharmaceutical products and services like active pharmaceutical ingredients, dosage forms (tablets and capsules), contract manufacturing of sterile injectables, allergy therapy products and radiopharmaceutical products in various markets spread over United States, Canada, Europe, Asia and other geographies identified on the basis of revenue earned.

The direct/indirect subsidiaries and partnerships of JPL, Singapore are as follows:

S. No.	Name of the entity	Country of incorporation	Name of the parent company/ investor	Date of incorporation/ acquisition by the Group
Subsidiaries				
1	Jubilant HollisterStier LLC ^	Unites States of America (USA)	HSL Holdings Inc.	31 May 2007
2	Jubilant DraxImage Inc. ^	Canada	Jubilant Pharma Limited	28 May 2008
3	HSL Holdings Inc. @	USA	Jubilant Pharma Holdings Inc.	16 May 2007
4	Jubilant Clinsys Inc. ^	USA	Jubilant Pharma Holdings Inc.	4 October 2005
5	Draximage Limited, Cyprus @	Cyprus	Jubilant Pharma Limited	12 September 2008
6	Draximage Limited, Ireland ^	Ireland	Jubilant Pharma Limited	20 October 2008
7	Draximage LLC (merged into Jubilant DraxImage (USA) Inc. effective from 1 April 2017) ^	USA	Jubilant Pharma Limited	28 May 2008

S. No.	Name of the entity	Country of incorporation	Name of the parent company/ investor	Date of incorporation/ acquisition by the Group
Subsidiaries (cont'd)				
8	Jubilant DraxImage (USA) Inc. ^	USA	Jubilant Pharma Limited	4 November 2008
9	Deprenyl Inc., USA (merged into Jubilant DraxImage (USA) Inc. effective from 1 April 2017) @	USA	Jubilant Pharma Limited	4 November 2008
10	6963196 Canada Inc. (merged with 6981364 Canada Inc. w.e.f. 1 April 2018) @	Canada	Jubilant DraxImage Inc.	28 May 2008
11	6981364 Canada Inc. @	Canada	Jubilant DraxImage Inc.	28 May 2008
12	DAHI Animal Health (UK) Limited (liquidated w.e.f. 19 December 2017) ^	United Kingdom (UK)	Jubilant DraxImage Inc.	28 May 2008
13	Draximage (UK) Limited ^	UK	Jubilant DraxImage Inc.	28 May 2008
14	Jubilant DraxImage Limited ^	India	Jubilant Pharma Limited	9 September 2009
15	Jubilant HollisterStier Inc. @	USA	HSL Holdings Inc.	1 October 2009
16	Draxis Pharma LLC @	USA	Jubilant HollisterStier Inc.	1 October 2009
17	Jubilant Pharma Holdings Inc.@	USA	Jubilant Pharma Limited holds 84.48% Jubilant Generics Limited holds 15.52%	12 September 2005
18	Jubilant Cadista Pharmaceuticals Inc. ^	USA	Cadista Holdings Inc.	1 July 2005
19	Cadista Holding Inc. @	USA	Jubilant Pharma Holdings Inc.	1 July 2005
20	Jubilant Generics Limited ^	India	Jubilant Pharma Limited	25 November 2013
21	Jubilant Pharma Trading Inc. (merged with Jubilant Pharma Holdings Inc. w.e.f. 14 December 2018) ^	USA	Jubilant Pharma Holdings Inc.	24 April 2014
22	Jubilant Pharma NV @	Belgium	Jubilant Generics Limited holds 77.65% Jubilant Pharma Limited holds 22.35%	20 June 2014

S. No.	Name of the entity	Country of incorporation	Name of the parent company/ investor	Date of incorporation/ acquisition by the Group
Subsidiaries (cont'd)				
23	Jubilant Pharmaceuticals NV ^	Belgium	Jubilant Pharma N.V. holds 99.81% Jubilant Pharma Limited holds 0.19%	20 June 2014
24	PSI Supply NV ^	Belgium	Jubilant Pharma N.V. holds 99.50% Jubilant Pharma Limited holds 0.50%	20 June 2014
25	Jubilant Pharma Australia Pty Limited $	Australia	Jubilant Pharma Limited	11 August 2016
26	Jubilant Draximage Radiopharmacies Inc. ^	USA	Jubilant Pharma Holdings Inc.	8 March 2017
Partnerships				
27	Jubilant HollisterStier General Partnership ^	Canada	Jubilant HollisterStier Inc. Draxis Pharma LLC	28 May 2008
28	Draximage General Partnership ^	Canada	Jubilant DraxImage Inc. 6981364 Canada Inc.	28 May 2008

^ represents operating entities
@ represents entities engaged in investment
$ represents non-operating entities

The Group holds 100% directly or indirectly in each subsidiaries and partnerships.

2 Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated interim financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

(i) The consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) including the requirements of International Accounting Standards (IAS) 34 Interim Financial Reporting as issued by International Accounting Standard Board, to reflect the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group.

(ii) Historical cost convention

These consolidated financial statements have been prepared under historical cost convention on accrual basis, unless otherwise stated.

2.2 Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and the entities controlled by the Company including its subsidiaries and partnerships. Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its involvement with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) The contractual arrangement with the other vote holders of the investee;
(ii) Rights arising from other contractual arrangements;
(iii) The Group's voting rights and potential voting rights; and
(iv) The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of an entity begins when the Group obtains control over that entity and ceases when the Group loses control over the entity. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the entity.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company. When the end of the reporting period of the parent is different from that of a member of the Group, the member prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

2.3 Consolidation procedure

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. IAS 12 "Income Taxes" applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

2.4 Current versus non-current classification

The Group presents assets and liabilities in the Consolidated Statements of Financial Position based on current/ non-current classification. An asset is treated as current when:

- It is expected to be realised or intended to be sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Each entity of the Group has identified twelve months as its operating cycle for the purpose of current and non-current classification of assets and liabilities.

2.5 Measurement of fair values

A number of the accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values used in preparing these consolidated financial statements is included in the respective notes.

2.6 Business combination

Business combinations (other than business combinations between common control entities) are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the consideration transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange. The consideration transferred does not include amounts related to the settlement of pre-existing relationships; such amounts are generally recognised in the Consolidated Statements of Profit or Loss and Other Comprehensive Income. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share and the acquiree's identifiable net assets. Transaction costs incurred in connection with a business combination are expensed as incurred.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured subsequently and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in Consolidated Statements of Profit or Loss and Other Comprehensive Income.

The excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in Consolidated Statements of Profit and loss and Other Comprehensive Income, provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved and they appear in the consolidated financial statements of the Group in the same form in which they appeared in the financial statements of the acquired entity. The differences, if any, between the consideration and the amount of share capital of the acquired entity is transferred to equity.

2.7 Property, plant and equipment (PPE) and intangible assets

(i) Property, plant and equipment

Freehold land is carried at cost. All other items of property, plant and equipment are stated at cost, which includes capitalised finance costs, less accumulated depreciation and any accumulated impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of an item of a PPE comprises its purchase price including import duty, and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition of its intended use and estimated costs of dismantling and removing the item. Any trade discounts and rebates are deducted in arriving at the purchase price.

Expenditure incurred on startup and commissioning of the project and/or substantial expansion, including the expenditure incurred on trial runs (net of trial run receipts, if any) up to the date of commencement of commercial production are capitalised. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Advances paid towards acquisition of property, plant and equipment outstanding at each reporting date, are shown under other non-current assets and cost of assets not ready for intended use before the period end, are shown as capital work-in- progress.

(ii) Intangible assets

- *Goodwill*

  Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

  Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

- Intangible assets (including intangible assets under development) that are acquired and implementation of software system are measured initially at cost.

- Internally generated goodwill is not recognised as an asset. With regard to other internally generated intangible assets:

  - Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Consolidated Statements of Profit or Loss and Other Comprehensive Income as incurred.

  - Development expenditure including regulatory cost and legal expenses leading to product registration/market authorisation relating to the new and/or improved product and/or process development is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and directly attributable finance costs (in the same manner as in the case of tangible fixed assets). Other development expenditure is recognised in the Consolidated Statements of Profit or Loss and Other Comprehensive Income as incurred.

- After initial recognition, an intangible asset is carried at its cost less accumulated amortisation and any accumulated impairment loss. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

(iii) Depreciation and amortisation methods, estimated useful lives and residual value

Property, plant and equipment are stated at cost less accumulated depreciation and amortisation. The Group depreciates property, plant and equipment over the estimated useful life using the straight-line method. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited or charged to Consolidated Statements of Profit and Loss and Other Comprehensive Income. Freehold land is not depreciated.

The estimated useful lives of assets are as follows:

Buildings - factory and others	30-60 years
Plant and equipment	1-20 years
Office equipment	3-15 years
Furniture and fixtures	3-15 years
Vehicles - owned	3-5 years
Vehicles under finance lease	Period of the lease

Leasehold improvements (included in furniture and fixtures) are depreciated over their estimated useful life, or the remaining period of lease from the date of capitalisation, whichever is shorter.

Intangible assets are amortised over their estimated useful lives using a method of amortisation that reflects the pattern in which the economic benefits of the intangible assets are consumed or otherwise realised.

The estimated useful lives of intangibles are as follows:

Product registration/market authorisation	3-20 years
Acquired patents, trademarks/trade names and customer contracts	1-12 years
Software	5 years

Depreciation and amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

(iv) Derecognition

A property, plant and equipment and intangible assets is derecognised on disposal or when no future economic benefits are expected from its use and disposal. Losses arising from retirement and gains or losses arising from disposal of a tangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Consolidated Statements of Profit or Loss and Other Comprehensive Income.

2.8 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The Group's other non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of a CGU is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognised in prior periods, the Group reviews at reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Consolidated Statements of Profit or Loss and Other Comprehensive Income. The losses arising from impairment are recognised in the Consolidated Statements of Profit or Loss and Other Comprehensive Income. This category generally applies to trade and other receivables.

Debt instrument at FVOCI

A 'debt instrument' is classified as at the FVOCI if both of the following criteria are met:

(a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

(b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Consolidated Statements of Profit or Loss and Other Comprehensive Income. Interest earned whilst holding 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 liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's Statement of Financial Position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

(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.

2.10 Inventories

Inventories are valued at lower of cost or net realisable value except scrap, which is valued at net estimated realisable value.

The methods of determining cost of various categories of inventories are as follows:

Raw materials	Weighted average method
Stores and spares	Weighted average method
Work-in-progress and finished goods (manufactured)	Variable cost at weighted average including an appropriate share of variable and fixed production overheads. Fixed production overheads are included based on normal capacity of production facilities
Fuel, consumables, packing material etc.	Weighted average method
Finished goods (traded)	Weighted average method
Goods in transit	Cost of purchase

Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition inclusive of excise duty wherever applicable. Excise duty liability is included in the valuation of closing inventory of finished goods.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost, except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

2.11 Cash and cash equivalents

Cash and cash equivalent comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.12 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Decommissioning provisions

In accordance with the applicable regulatory requirements, a decommissioning provision in respect of estimated costs of dismantling and removing certain machinery and equipment to be performed at the time it is disposed off is recognised. The provision is measured at the present value of the best estimate of the decommissioning costs.

2.13 Revenue recognition

Effective 1 April 2018, the Group adopted IFRS 15 “Revenue from Contracts with Customers” using the cumulative catch-up transition method, applied to contracts that were not completed as at 1 April 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. There is no material effect on adoption of IFRS 15 on the consolidated interim financial statements.

Revenue from sale of products is recognised upon transfer of control of products to customers at the time of shipment to or receipt of goods by the customers. Service income is recognised as and when the underlying services are performed. The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time.

Any fees including upfront fees received in relation to contract manufacturing arrangements is recognised on straight line basis over the period over which the Group satisfies the underlying performance obligations.

Revenues are measured based on the transaction price, which is the consideration, net of tax collected from customers and remitted to government authorities such as sales tax, excise duty, value added tax and applicable discounts and allowances including charge-backs, expected sales return and bill backs. The computation of these estimates involves significant judgment based on various factors including contractual terms, historical experience, estimated inventory levels and expected sell-through levels in supply chain.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled revenue (only act of invoicing is pending) when there is unconditional right to receive cash as per contractual terms. Deferred revenue ("contract liability") is recognised when there are billings in excess of revenues.

Income in respect of entitlement towards export incentives is recognised in accordance with the relevant scheme on recognition of the related export sales. Such export incentives are recorded as part of other operating income.

2.14 Employee benefits

(i) Short-term employee benefits: All employee benefits falling due within twelve months of the end of the period in which the employees render the related services are classified as short-term employee benefits, which include benefits like salaries, wages, short term compensated absences, performance incentives, etc. and are recognised as expenses in the period in which the employee renders the related service and measured accordingly.

(ii) Post-employment benefits: Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

(a) Gratuity

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. The liability in respect of Gratuity (applicable for Indian entities of the Group), is recognised in the books of accounts based on actuarial valuation by an independent actuary. The gratuity liability for certain employees of the Group is funded with Life Insurance Corporation of India.

(b) Provident fund

(i) The Group makes contribution to the recognised provident fund – "VAM Employees Provident Fund Trust" (a multiemployer trust) for most of its employees in India, which is a defined benefit plan to the extent that the Group

has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The Group's obligation in this regard is determined by an independent actuary and provided for if the circumstances indicate that the Trust may not be able to generate adequate returns to cover the interest rates notified by the Government.

For other employees in India, provident fund is deposited with Regional Provident Fund Commissioner. This is treated as defined contribution plan.

(ii) Group's contribution to the provident fund is charged to Consolidated Statements of Profit or Loss and Other Comprehensive Income.

(c) The Group make contribution to various social security plans and insurance schemes as per local requirements and generally accepted practices in their respective country of incorporation. Such contributions are charged to Consolidated Statements of Profit or Loss and Other Comprehensive Income on accrual basis in the period 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 period 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).

2.15 Share-based payments

The grant date fair value of options granted (net of estimated forfeiture) to employees of the Group by Jubilant India is recognised as an employee expense, with a corresponding increase in other capital reserve, over the period that the employees become unconditionally entitled to granted options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The amount recognised as an expense is adjusted to reflect the actual number of stock options that vest. For the option awards, grant date fair value is determined under the option-pricing model (Black-Scholes-Merton). Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures materially differ from those estimates.

2.16 Finance costs

Finance costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Finance cost also includes exchange differences to the extent regarded as an adjustment to the finance costs. Finance costs that are directly attributable to the construction or production or development of a qualifying asset are capitalised as part of the cost of that asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. All other finance costs are expensed in the period in which they occur.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the finance costs eligible for capitalisation. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Consolidated 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.

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 period and any adjustment to the tax payable or receivable in respect of previous periods. Current tax expense is recognised at an amount determined by multiplying the profit/(loss) before tax for the interim reporting period by management's best estimate of the weighted average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognised in full in the interim period. As such, the effective tax rate in the consolidated interim financial statements may differ from management's estimate of the effective tax rate for the annual consolidated financial statements.

  Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

- *Deferred tax:*

  Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

  - temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
  - temporary differences related to freehold land and investment in subsidiaries, to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
  - taxable temporary differences arising on the initial recognition of goodwill.

  Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. MAT is a tax liability of an Indian company computed at specified rate on adjusted book profits as per applicable provisions of the Indian Income Tax Act. An Indian company is liable to pay MAT, if the income tax payable under normal provisions of the Indian Income Tax Act is less than tax payable under MAT.

  Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

  Deferred tax is measured at the tax rates that are expected to be applied to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

  Deferred tax assets and liabilities are offset only if certain criteria are met.

Deferred income tax are not provided on the undistributed earnings of the subsidiaries where it is expected that the earnings of the subsidiary will not be distributed in the foreseeable future.

2.18 Leases

At the inception of each lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

Finance leases

Assets leased by the Group in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Group are classified as finance leases. A finance lease is recognised as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Consolidated Statements of Profit or Loss and Other Comprehensive Income on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

2.19 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 enterprise as a whole and are not allocable to segments on a reasonable basis, have been treated as "unallocated revenues/expenses/ assets/liabilities", as the case may be.

2.20 Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated interim 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 interim financial statements are presented in U.S. Dollars ("USD").

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at Reporting date exchange rates are generally recognised in Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income (OCI).

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 impact on account of adoption of this amendment.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Share capital and opening reserves and surplus are carried at historical cost.
- All assets and liabilities, both monetary and non-monetary, (excluding share capital, opening reserves and surplus) are translated using closing rates at reporting date.
- Profit and Loss items are translated at the respective quarterly average rates or the exchange rate that approximates the actual exchange rate on date of specific transaction.
- Contingent liabilities are translated at the closing rates at Reporting date.
- All resulting exchange differences are recognised in Other Comprehensive Income.

When a foreign operation is sold, the associated cumulative exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

The items of Consolidated Cash Flow Statement are translated at the respective average rates or the exchange rate that approximates the actual exchange rate on date of specific transaction. The impact of changes in exchange rate on cash and cash equivalent held in foreign currency is included in effect of exchange rate changes.

2.21 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 attached conditions. Government grants relating to income are deferred and recognised in the Consolidated Statements of Profit or Loss and Other Comprehensive Income over the period necessary to match them with the costs that they are intended to compensate and presented within other operating income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to Consolidated 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 operating 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 2.8 and 4
- Assessment of useful life of property, plant and equipment and intangible asset – Note 2.7(iii)
- Acquisition of business – Note 2.6 and 23
- Valuation of Inventories – Note 7
- Recognition of revenue and related accruals – Note 2.13
- Fair value measurements of convertible debt instrument – Note 10

Recent accounting pronouncements

Standards issued but not adopted

The Group has not early adopted the following new or amended standards in preparing these consolidated interim financial statements.

IFRS 16, *Leases*

IFRS 16 replaces existing leases guidance, including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Group has not yet completed its assessment of the potential impact on its consolidated interim financial statements. The actual impact of applying IFRS 16 on the consolidated interim financial statements in the period of initial application will depend on future economic conditions, including the Group's borrowing rate at 1 April 2019, the composition of the Group's lease portfolio at that date, the Group's latest assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use practical expedients and recognition exemptions.

So far, the most significant impact identified is that the Group will recognise new assets and liabilities for its operating leases of warehouse and factory facilities. As at 31 December 2018, the Group's future minimum lease payments under non-cancellable operating leases amounted to USD 10,718,319 on an undiscounted basis (refer note 32(ii)), represent 1.11% of the consolidated total assets and 1.98% of the consolidated total liabilities. Under the new standard, remaining lease payments of the operating leases will be recognised at their present value discounted using appropriate discount rates.

In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

The Group does not expect the adoption of IFRS 16 to impact its ability to comply with the loan covenants.

i. Determining whether an arrangement contains a lease

On transition to IFRS 16, the Group can choose whether to:
- apply the IFRS 16 definition of a lease to all its contracts; or
- apply a practical expedient and not reassess whether a contract is, or contains, a lease.

The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before 1 April 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

ii. Transition

As a lessee, the Group can either apply the standard using a:
- retrospective approach; or
- modified retrospective approach with optional practical expedients.

The lessee applies the election consistently to all of its leases.

The Group plans to apply IFRS 16 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information.

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Group is assessing the potential impact of using these practical expedients.

IAS 19, Employee Benefits

In February 2018, the IASB issued amendments to IAS 19 – "Employee Benefits" regarding plan amendments, curtailments and settlements. The amendments are as follows:

- If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement;
- In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding asset ceiling.

The above amendments are effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted but must be disclosed. The Group is currently in the process of evaluating the impact of this change on its consolidated interim financial statements.

IFRS 3, Business Combinations

In October 2018, the IASB issued amendments to IFRS 3 – "Business Combinations" regarding the definition of a "Business". The amendments:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The above amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. The Group is currently in the process of evaluating the impact of this change on its consolidated interim financial statements.

IFRIC 23, *Uncertainty over Income Tax treatments*

On 7 June 2017, the IFRS Interpretations Committee issued IFRIC 23, which clarifies how the recognition and measurement requirements of IAS 12 "Income taxes", are applied where there is uncertainty over income tax treatments IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the applicable tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under applicable tax law.

The interpretation provides specific guidance in several areas where previously IAS 12 was silent. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The effective date for adoption of IFRIC 23 is annual periods beginning on or after 1 January 2019, though early adoption is permitted. The Group is currently in the process of evaluating the impact of this change on its consolidated interim financial statements.

3 Property, plant and equipment

	Land-freehold USD	Buildings-factory USD	Buildings-others USD	Furniture and fixtures USD	Plant and equipment USD	Office equipment USD	Vehicles-owned USD	Vehicles-leased USD	Capital work-in-progress USD	Total USD
Gross carrying amount as at 1 April 2017	6,972,909	109,566,174	1,994,069	8,244,377	263,629,748	11,452,905	109,537	318,942	22,996,023	425,284,684
Additions on business combination (refer note 23)	–	–	–	2,655,423	2,051,158	341,902	–	2,912,840	537,887	8,499,210
Other additions	–	2,385,624	–	709,187	20,969,778	1,354,610	–	510,091	28,607,126	54,536,416
Deductions	–	–	–	(212,534)	(897,865)	(1,253,636)	–	(97,299)	(24,228,274)	(26,689,608)
Foreign currency translation adjustment	70,871	451,161	(10,949)	34,912	1,310,665	136,195	58	(1,755)	79,921	2,071,079
Gross carrying amount as at 31 March 2018	7,043,780	112,402,959	1,983,120	11,431,365	287,063,484	12,031,976	109,595	3,642,819	27,992,683	463,701,781
Accumulated depreciation as at 1 April 2017	–	29,638,595	435,733	5,164,697	118,534,199	8,734,746	96,505	157,944	–	162,762,419
Depreciation charge for the period	–	3,890,229	25,455	1,259,746	15,689,037	1,057,483	6,305	1,226,658	–	23,154,913
Deductions	–	–	–	(202,964)	(296,968)	(1,226,880)	–	(50,997)	–	(1,777,809)
Foreign currency translation adjustment	–	215,156	(3,653)	17,248	838,780	130,409	(608)	(987)	–	1,196,345
Accumulated depreciation as at 31 March 2018	–	33,743,980	457,535	6,238,727	134,765,048	8,695,758	102,202	1,332,618	–	185,335,868
Net carrying amount as at 31 March 2018	7,043,780	78,658,979	1,525,585	5,192,638	152,298,436	3,336,218	7,393	2,310,201	27,992,683	278,365,913

	Land-freehold USD	Buildings-factory USD	Buildings-others USD	Furniture and fixtures USD	Plant and equipment USD	Office equipment USD	Vehicles-owned USD	Vehicles-leased USD	Capital work-in-progress USD	Total USD
Gross carrying amount as at 1 April 2018	7,043,780	112,402,959	1,983,120	11,431,365	287,063,484	12,031,976	109,595	3,642,819	27,992,683	463,701,781
Additions	–	3,886,536	475,588	1,820,995	14,663,845	1,365,882	17,952	2,369,315	28,160,979	52,761,092
Deductions	(184,850)	–	–	(20,587)	(60,591)	(49,863)	–	(327,859)	(21,730,807)	(22,374,557)
Foreign currency translation adjustment	(241,159)	(2,162,737)	(149,896)	(396,717)	(11,069,817)	(361,103)	(8,118)	(25,608)	(1,090,846)	(15,506,001)
Gross carrying amount as at 31 December 2018	6,617,771	114,126,758	2,308,812	12,835,056	290,596,921	12,986,892	119,429	5,658,667	33,332,009	478,582,315
Accumulated depreciation as at 1 April 2018	–	33,743,980	457,535	6,238,727	134,765,048	8,695,758	102,202	1,332,618	–	185,335,868
Depreciation charge for the period	–	2,931,386	35,309	1,301,132	12,110,725	874,630	1,898	1,832,120	–	19,087,200
Deductions	–	–	–	(16,633)	(17,721)	(27,147)	–	(148,824)	–	(210,325)
Foreign currency translation adjustment	–	(769,536)	(46,385)	(243,232)	(5,425,853)	(258,679)	(7,623)	(13,592)	–	(6,764,900)
Accumulated depreciation as at 31 December 2018	–	35,905,830	446,459	7,279,994	141,432,199	9,284,562	96,477	3,002,322	–	197,447,843
Net carrying amount as at 31 December 2018	6,617,771	78,220,928	1,862,353	5,555,062	149,164,722	3,702,330	22,952	2,656,345	33,332,009	281,134,472

Note: Property, plant and equipment includes finance cost capitalised in subsidiaries across various geographies with a capitalisation rate ranging from 4% to 8%:

	Nine-month period ended 31 December 2018 USD	Nine-month period ended 31 December 2017 USD
Finance costs capitalised	104,316	135,762

4 Intangible assets

	Other intangible assets						
	Internally generated product registration/ market authorisation USD	**Acquired product registration/ market authorisation USD**	**Acquired patent, trademarks / trade names and customer contracts USD**	**Softwares USD**	**Intangible assets under development [note (a)] USD**	**Total other intangible assets USD**	**Goodwill USD**
Gross carrying amount as at 1 April 2017	81,890,404	29,748,233	17,855,244	19,591,116	83,998,068	233,083,065	153,002,409
Additions on business combination (refer note 23)	–	–	1,310,000	237,602	66,737	1,614,339	11,373,834
Other additions	23,458,559	–	–	1,608,217	20,763,120	45,829,896	–
Deductions [(2)]	–	–	(2,440,000)	(1,703,502)	(44,147,624)	(48,291,126)	–
Currency translation adjustments	651,865	1,264,005	471,638	209,075	1,556,351	4,152,934	4,257,906
Gross carrying amount as at 31 March 2018	106,000,828	31,012,238	17,196,882	19,942,508	62,236,652	236,389,108	168,634,149
Accumulated amortisation as at 1 April 2017	46,799,436	28,803,463	17,855,244	14,019,057	–	107,477,200	–
Amortisation for the period	10,279,095	982,801	167,473	2,054,395	–	13,483,764	–
Deductions	–	–	(2,440,000)	(1,703,502)	–	(4,143,502)	–
Currency translation adjustments	335,737	1,225,974	475,121	214,454	–	2,251,286	–
Accumulated amortisation as at 31 March 2018	57,414,268	31,012,238	16,057,838	14,584,404	–	119,068,748	–
Net carrying amount as at 31 March 2018	48,586,560	–	1,139,044	5,358,104	62,236,652	117,320,360	168,634,149
Gross carrying amount as at 1 April 2018	106,000,828	31,012,238	17,196,882	19,942,508	62,236,652	236,389,108	168,634,149
Additions	6,713,345	–	–	450,574	10,286,721	17,450,640	–
Deductions	–	(144,445)	–	–	(7,594,703)	(7,739,148)	–
Currency translation adjustments	(5,141,011)	(1,722,490)	(497,294)	(573,468)	(4,088,370)	(12,022,633)	(4,954,891)
Gross carrying amount as at 31 December 2018	107,573,162	29,145,303	16,699,588	19,819,614	60,840,300	234,077,967	163,679,258
Accumulated amortisation as at 1 April 2018	57,414,268	31,012,238	16,057,838	14,584,404	–	119,068,748	–
Amortisation for the period	9,196,641	–	251,100	1,054,068	–	10,501,809	–
Deductions	–	(144,445)	–	–	–	(144,445)	–
Currency translation adjustments	(2,383,017)	(1,722,490)	(497,294)	(387,240)	–	(4,990,041)	–
Accumulated amortisation as at 31 December 2018	64,227,892	29,145,303	15,811,644	15,251,232	–	124,436,071	–
Net carrying amount as at 31 December 2018	43,345,270	–	887,944	4,568,382	60,840,300	109,641,896	163,679,258

Note (a): Total other intangible assets include finance cost capitalised in subsidiaries across various geographies with a capitalisation rate ranging from 4% to 8%:

	Nine-month period ended 31 December 2018 USD	**Nine-month period ended 31 December 2017 USD**
Finance costs capitalised	335,505	1,207,086

(1) Impairment testing of goodwill

For the purposes of impairment testing, goodwill is allocated to the Group's operating business lines 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:

	As at 31 December 2018 USD	As at 31 March 2018 USD
Allergy Therapy	14,149,899	14,149,899
Radiopharmaceutical	61,417,411	64,323,903
Generics	20,015,695	20,874,585
Contract Manufacturing Operation	68,096,253	69,285,762
Total goodwill	**163,679,258**	**168,634,149**

The recoverable amount of the cash generating units was based on its value in use. The value in use of these units was determined to be higher than the carrying amount. The Group performed an analysis of the sensitivity towards change in key assumptions. Based on such analysis, the Group believes that any reasonably possible change in key assumptions on which recoverable amount of the above mentioned CGUs is based would not cause the carrying amount to exceed the recoverable amount of related CGUs.

Value in use was determined by discounting the future cash flows generated from the continuing use of CGU. The calculation was based on the following key assumptions:

(a) The anticipated annual revenue growth and margin included in the cash flow projections are based on past experience, actual operating results and the 5-year business plan in all periods presented.

(b) The terminal growth rate represents management view on the future long-term growth rate.

	As at 31 March 2018
Allergy Therapy	3%
Radiopharmaceutical	3%
Generics	2%-3%
Contract Manufacturing Operation	3%

(c) The post-tax discount rate was estimated based on past experience and taking into consideration the industry's weighted average cost of capital.

	As at 31 March 2018
Allergy Therapy	8%
Radiopharmaceutical	8%-9%
Generics	7%-9%
Contract Manufacturing Operation	9%-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 Nil and USD 9,014,429 have been charged off in Specialty Pharmaceuticals segment and USD 859,791 and USD 10,066,419 have been charged off in Generics and Active Pharmaceutical Ingredients ('APIs') segment during the nine-months period ended 31 December 2018 and year ended 31 March 2018, respectively and included under amortisation expense for the period/deductions to gross carrying amount of intangible assets under development and under depreciation, amortisation and impairment in the Consolidated Statements of Profit or Loss. The estimate of value in use was determined using a discount rate of 10%-11% for all periods presented.

5 Other financial assets

	As at 31 December 2018 USD	As at 31 March 2018 USD
Non-current		
Loan to related parties (refer note 29)	46,574,950	49,869,572
Deposits with maturity after 12 months from the reporting date *	2,541	2,447
Others	1,000,613	971,656
Total non-current other financial assets	47,578,104	50,843,675
Current		
Advances recoverable from related parties (refer note 29)	504,991	821,280
Deposits with maturity up to 12 months from the reporting date *	73,893	78,945
Unbilled revenue	7,120,829	7,115,404
Others	1,667,317	663,842
Total current other financial assets	9,367,030	8,679,471
Total other financial assets	56,945,134	59,523,146

* These deposits have restricted use.

Loan to related parties is unsecured, interest bearing at 8.5% per annum ('p.a.') and is repayable on 13 October 2021.

6 Other assets

	As at 31 December 2018 USD	As at 31 March 2018 USD
Non-current		
Advances for capital expenditures	5,973,247	4,763,262
Total other non-current assets	5,973,247	4,763,262
Current		
Prepaid expenses	11,848,831	7,281,252
Advance for supply of goods and services	3,199,523	1,418,251
Recoverable from government authorities	10,622,248	12,015,799
Government grants recoverable	2,018,750	1,863,667
Others	645,994	634,457
Total other current assets	28,335,346	23,213,426
Total other assets	34,308,593	27,976,688

7 Inventories

	As at 31 December 2018 USD	As at 31 March 2018 USD
Raw materials	28,646,592	23,075,415
Work-in-progress	38,426,738	33,084,919
Finished goods	33,449,936	27,344,421
Stock-in-trade	3,016,671	2,026,475
Stores and spares	13,796,810	12,017,897
Packing material	13,396,843	14,611,553
Others- process chemicals and fuels	32,753	25,209
Total inventories	130,766,343	112,185,889

Amounts recognised in Statement of Profit or Loss and Other comprehensive income

	Nine-month period ended 31 December 2018 USD	Nine-month period ended 31 December 2017 USD
Inventories written down*	7,183,421	5,998,436

* 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.

8 Trade receivables

	As at 31 December 2018 USD	As at 31 March 2018 USD
Current		
Trade receivables	102,762,211	107,311,463
Receivables from related parties (refer note 29)	248,951	326,986
Less: Loss allowance	(1,713,720)	(1,696,482)
Total receivables	101,297,442	105,941,967

The Group exposure to credit and currency risk, and loss allowance related to trade receivables are disclosed in note 26.

9 Cash and cash equivalents

	As at 31 December 2018 USD	As at 31 March 2018 USD
Balances with banks		
- in current accounts	59,358,313	25,511,998
Cash on hand	10,068	13,438
Others		
- Funds in transit	241,207	1,561,053
Total cash and cash equivalents	59,609,588	27,086,489

10 Loans and borrowings

		As at 31 December 2018 USD	As at 31 March 2018 USD
a)	**Non-current**		
	Convertible debt instrument at FVPL	101,677,565	96,900,000
	Senior Bond at amortised cost	300,000,000	300,000,000
	Finance lease obligations at amortised cost	1,363,768	561,061
	Debt initiation cost and legal fees	(2,764,023)	(3,458,775)
	Total non-current loans and borrowings	400,277,310	394,002,286
b)	**Current**		
	Current maturities of non-current finance lease obligations	1,193,605	1,245,835
	Short term loans repayable on demand	8,793,652	12,170,013
	Loans from related parties (refer note 29)	–	1,074,115
	Total current loans and borrowings	9,987,257	14,489,963

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

Nature of loan and borrowings	**Maturity pattern**	**---------- As at 31 December 2018 ----------**			**---------- As at 31 March 2018 ----------**		
		Interest rate %	**Face value USD**	**Carrying amount USD**	**Interest rate %**	**Face value USD**	**Carrying amount USD**
Convertible debt instrument ##	Refer note ^^	Refer note ^^	56,400,000	101,677,565	Refer note ^^	58,200,000	96,900,000
Senior Bond 2021 @@	Repayable in 2021	4.875%	300,000,000	297,235,977	4.875%	300,000,000	296,541,225
Finance lease obligations	Monthly instalments ending in 2023	12%-13%	155,675	155,675	12%-13%	197,489	197,489
Finance lease obligations	Monthly instalments ending in 2018	–	–	–	12%-13%	1,496	1,496
Finance lease obligations	Monthly instalments ending in 2022	4%-5%	2,401,698	2,401,698	4%-5%	1,607,911	1,607,911
Total			358,957,373	401,470,915		360,006,896	395,248,121
Less: Current maturities of finance lease obligations (included in current loans and borrowings)			(1,193,605)	(1,193,605)		(1,245,835)	(1,245,835)
Non-current borrowings			357,763,768	400,277,310		358,761,061	394,002,286

The terms of the loan arrangement contain certain restrictive covenants, mainly the requirements to maintain certain financial ratios. The Group was in compliance of such covenants as at 31 December 2018 and 31 March 2018.

@@ During the year ended 31 March 2017, the Group issued unsecured 4.875% Senior Notes amounting to USD 300,000,000, repayable in single instalment in October 2021, with a prepayment option. The terms of the offering memorandum contain certain restrictive covenants, mainly the requirements to maintain certain financial ratios. The Group was in compliance of such covenants as at 31 December 2018 and 31 March 2018.

^^ During the year ended 31 March 2015, the Group had obtained a term loan amounting to USD 60,000,000 from International Finance Corporation (IFC), due for bullet repayment on 15 June 2020 (50%) and 15 June 2021 (50%) along with the repayment premium in accordance with the terms of the contract, if on or prior to such repayment date there has been (a) neither a Private Equity (PE) Investment nor a Qualifying IPO or (b) there has been a PE Investment but IFC has not converted the entire loan into shares pursuant to its put option. The term loan carries a differential return (in the form of discount in the event of conversion and premium in the event of redemption) to IFC under various scenarios based on the probabilities of occurrence of Private Equity (PE) Investment, Qualifying IPO and redemption. This instrument is considered as convertible debt as the characteristic of this instrument do not expose the counterparty to risk and rewards similar to those of an owner and, therefore, do not create a shareholder relationship. Accordingly, this instrument has been classified as debt instrument.

Since inception, the management has always considered redemption as not probable. Further, during the year ended 31 March 2016, the management had assigned higher probabilities to PE Investments. However, during the years ended 31 March 2017 and 31 March 2018, the management reassessed the probability and assigned higher probability towards qualifying IPO. The return to the investor in the form of discount in conversion price is higher in the event of conversion at the time of qualifying IPO and therefore reassessment of probability resulted in Group recognising incremental cumulative expense in the year ended 31 March 2017. Based on these probabilities, pursuant to increase in fair value of this instrument (refer note 25), the Group has recognised total expense of USD 6,577,565 and USD 6,800,000 for the periods ended 31 December 2018 and 31 December 2017, respectively in the consolidated interim financial statements.

c) Assets pledged as security

Assets with following carrying amounts are pledged as collateral/security against loans and borrowings at period end.

	As at 31 December 2018 USD	As at 31 March 2018 USD
Inventories	47,573,083	37,904,068
Financial assets	27,543,142	31,789,737
	75,116,225	69,693,805

d) Reconciliation of movements of liabilities to cash flows arising from financing activities

			Non-cash changes					
	As at 31 March 2017	Financing cash flows	Fair value adjustment	Acquisition through business combination	New finance leases	Foreign currency translation adjustment	Amortisation of transaction costs	As at 31 March 2018
	USD	USD	USD	USD	USD	USD	USD	USD
Convertible debt instrument	86,189,548	–	10,710,452	–	–	–	–	96,900,000
Term loans	28,415,789	(30,002,410)	–	–	–	1,146,145	440,476	–
Revolver credit loan	20,265,434	(20,265,434)	–	–	–	–	–	–
Senior Bond 2021	295,656,099	–	–	–	–	–	885,126	296,541,225
Finance lease obligations	171,324	(1,153,330)	–	2,370,629	510,091	(91,818)	–	1,806,896
Short term loans repayable on demand	12,586,899	(779,046)	–	633,093	–	(270,933)	–	12,170,013
Loans from related parties	1,800,000	(715,569)	–	–	–	(10,316)	–	1,074,115
Total	**445,085,093**	**(52,915,789)**	**10,710,452**	**3,003,722**	**510,091**	**773,078**	**1,325,602**	**408,492,249**

			Non-cash changes					
	As at 31 March 2018	Financing cash flows	Fair value adjustment	Acquisition through business combination	New finance leases	Foreign currency translation adjustment	Amortisation of transaction costs	As at 31 December 2018
	USD	USD	USD	USD	USD	USD	USD	USD
Convertible debt instrument	96,900,000	(1,800,000)	6,577,565	–	–	–	–	101,677,565
Senior Bond 2021	296,541,225	–	–	–	–	–	694,752	297,235,977
Finance lease obligations	1,806,896	(1,537,413)	–	–	2,369,315	(81,425)	–	2,557,373
Short term loans repayable on demand	12,170,013	(2,590,542)	–	–	–	(785,819)	–	8,793,652
Loans from related parties	1,074,115	(1,045,869)	–	–	–	(28,246)	–	–
Total	**408,492,249**	**(6,973,824)**	**6,577,565**	–	**2,369,315**	**(895,490)**	**694,752**	**410,264,567**

11 Other financial liabilities

	As at 31 December 2018 USD	As at 31 March 2018 USD
Current		
Interest accrued but not due on borrowings	3,434,636	7,091,239
Capital creditors	6,911,402	2,635,998
Others	1,580,291	1,761,631
Total current other financial liabilities	11,926,329	11,488,868

12 Deferred tax

Deferred income taxes reflect the net tax effects of temporary difference between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Group's net deferred income taxes are as follows:

Deferred tax assets:

	Research & Development and other tax credits USD	Tax losses carried forward USD	Accrued expenses USD	MAT Credit entitlement USD	Others USD	Total USD
As at 1 April 2017	(210,754)	14,007,822	19,130,473	8,323,950	2,420,588	43,672,079
(Charged)/Credited:						
- to profit and loss	256,734	20,266,385	(7,498,274)	1,776,158	1,797,804	16,598,807
- to other comprehensive income	–	–	26,237	–	–	26,237
- foreign currency translation reserve	–	(117,783)	(10,683)	(57,710)	2,826	(183,350)
- utilisation of tax losses carried forward*	–	(4,516,001)	–	–	–	(4,516,001)
As at 31 March 2018	45,980	29,640,423	11,647,753	10,042,398	4,221,218	55,597,772
(Charged)/Credited:						
- to profit and loss	(12,093)	(1,112,562)	88,226	4,590,169	(18,342)	3,535,398
- to other comprehensive income	–	–	16,216	–	–	16,216
- foreign currency translation reserve	–	(1,701,313)	(102,792)	(680,857)	(7,505)	(2,492,467)
As at 31 December 2018	33,887	26,826,548	11,649,403	13,951,710	4,195,371	56,656,919

* represents utilisation of tax losses carried forward pursuant to carry back of tax losses against taxable income of earlier years as per US tax laws.

Deferred tax liabilities:

	PPE/ Intangibles USD	Others USD	Total USD
As at 1 April 2017	37,608,828	534,743	38,143,571
Charged/(Credited):			
- to profit and loss	7,942,676	(86,995)	7,855,681
- to other comprehensive income	–	–	–
- foreign currency translation reserve	527,855	4,502	532,357
As at 31 March 2018	46,079,359	452,250	46,531,609
Charged/(Credited):			
- to profit and loss	7,769,136	135,994	7,905,130
- to other comprehensive income	–	–	–
- foreign currency translation reserve	(1,700,845)	(23,477)	(1,724,322)
As at 31 December 2018	52,147,650	564,767	52,712,417

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.

	As at 31 December 2018 USD	As at 31 March 2018 USD
Deferred tax assets	23,214,351	25,759,953
Deferred tax liabilities	(19,269,849)	(16,693,790)
Deferred tax assets (net)	3,944,502	9,066,163

In assessing the realisability of deferred income tax assets, management considers that ultimate realisation of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Group will realise the benefits of those deductible differences. Accordingly, amount of the deferred income tax assets are considered realisable.

Reconciliation of deferred tax liabilities/(assets) (net)

	As at 31 December 2018 USD	As at 31 March 2018 USD
Balance as at the commencement of the period	(9,066,163)	(5,528,508)
Tax expense/(benefit) during the period recognised in statement of profit or loss	4,369,732	(8,743,126)
Tax expense/(benefit) during the period recognised in other comprehensive income	(16,216)	(26,237)
Utilisation of tax losses carried forward	–	4,516,001
Foreign currency translation adjustment	768,145	715,707
Balances as at the end of the period	(3,944,502)	(9,066,163)

a) Tax losses

	As at 31 December 2018 USD	As at 31 March 2018 USD
Tax losses for which no deferred tax has been recognised	887,110	1,187,463

Tax losses of USD 578,716 and USD 499,910 as at 31 December 2018 and 31 March 2018 expire between 2018 and 2024. 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

	As at 31 December 2018 USD	As at 31 March 2018 USD
Undistributed earnings	389,738,765	315,858,162
Indexation benefit of investment in subsidiaries	2,256,264	1,932,695
Indexation benefit of freehold land	334,899	286,871

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.

13 Provisions

	As at 31 December 2018 USD	As at 31 March 2018 USD
Non-current		
Decommissioning provisions	2,182,271	2,168,810
Total non-current provisions	2,182,271	2,168,810
Total provisions	2,182,271	2,168,810

The following table presents the movement in the decommissioning provisions during the period:

	Nine-month period ended 31 December 2018 USD	Nine-month period ended 31 December 2017 USD
Balance at beginning of period	2,168,810	–
Acquired during the period (refer note 23)	–	2,158,863
Unwinding of discount	13,461	5,638
Balance at end of period	2,182,271	2,164,501

During the year ended 31 March 2018, pursuant to business combination (refer note 23), the Group acquired decommissioning provisions aggregating to USD 2,158,863 arising from regulatory requirements to perform certain asset disposal activities at the time that certain machinery and equipment is disposed off and an unwinding of the discount of USD 13,461 and USD 5,638 has been recognised during the periods ended 31 December 2018 and 31 December 2017, respectively.

14 Other liabilities

	As at 31 December 2018 USD	As at 31 March 2018 USD
Non-current		
Deferred revenue	1,032,164	1,190,536
Total non-current other liabilities	1,032,164	1,190,536
Current		
Trade deposits and advances	3,576,270	3,284,028
Deferred revenue	1,102,511	2,420,931
Statutory dues payables	2,166,511	2,885,118
Total current other liabilities	6,845,292	8,590,077
Total other liabilities	7,877,456	9,780,613

15 Trade payables

	As at 31 December 2018 USD	As at 31 March 2018 USD
Trade payables to related parties (refer note 29)	4,364,145	3,810,103
Other trade payables	61,114,179	58,366,652
Total trade payables	65,478,324	62,176,755

16 Revenue from operations

	Nine-month period ended 31 December 2018 USD	Nine-month period ended 31 December 2017 USD
Sale of products	473,940,008	354,419,681
Sale of services	81,788,111	67,304,566
Other operating revenue *****	7,130,723	5,036,175
Total revenue from operations	562,858,842	426,760,422
***** Includes government grant recognised	3,273,668	2,909,783

(A) Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market, major products and service lines and sales channels. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (refer note 28).

	Nine-month period ended 31 December 2018			Nine-month period ended 31 December 2017		
	Specialty Pharmaceuticals USD	Generics and APIs USD	Total USD	Specialty Pharmaceuticals USD	Generics and APIs USD	Total USD
Primary geographical markets						
North America	354,846,017	106,455,137	461,301,154	251,655,870	89,126,625	340,782,495
Europe	27,789,694	22,092,364	49,882,058	19,650,576	22,982,166	42,632,742
Asia	877,134	30,641,775	31,518,909	2,159,172	25,841,214	28,000,386
Rest of the world	4,128,778	16,027,943	20,156,721	2,466,649	12,878,150	15,344,799
Total	387,641,623	175,217,219	562,858,842	275,932,267	150,828,155	426,760,422
Major products/service lines						
Radiopharmaceuticals	267,944,566	–	267,944,566	176,663,162	–	176,663,162
Contract Manufacturing Operations	81,630,581	–	81,630,581	66,847,568	–	66,847,568
Allergy Therapy products	38,066,476	–	38,066,476	32,421,537	–	32,421,537
Solid Dosage Formulations	–	109,629,864	109,629,864	–	88,854,724	88,854,724
Active Pharmaceutical Ingredients	–	65,587,355	65,587,355	–	61,973,431	61,973,431
Total	387,641,623	175,217,219	562,858,842	275,932,267	150,828,155	426,760,422
Sales channels						
Wholesalers/distributors	114,952,973	109,629,864	224,582,837	109,515,434	88,854,724	198,370,158
Consumers	191,058,069	–	191,058,069	99,569,265	–	99,569,265
Manufacturers	81,630,581	65,587,355	147,217,936	66,847,568	61,973,431	128,820,999
Total	387,641,623	175,217,219	562,858,842	275,932,267	150,828,155	426,760,422

(B) Contract balances

	As at 31 December 2018 USD	As at 31 March 2018 USD
Trade receivables	101,297,442	105,941,967
Contract assets	7,120,829	7,115,404
Contract liabilities	5,710,945	6,895,495

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the Group issues an invoice to the customer. The contract liabilities primarily relate to the advance received from customers and deferred revenue against which revenue is recognised when or as the performance obligation is satisfied.

The amount of USD 2,781,838 recognised in contract liabilities at the beginning of the period has been recognised as revenue for the period ended 31 December 2018.

17 Other income

	Nine-month period ended 31 December 2018 USD	Nine-month period ended 31 December 2017 USD
Foreign exchange gain, net	5,827,133	–
Others	749,473	471,112
Total other income	6,576,606	471,112

18 Employee benefits expense

	Nine-month period ended 31 December 2018 USD	Nine-month period ended 31 December 2017 USD
Salaries, wages, bonus, gratuity and allowances	133,646,131	105,043,900
Contribution to provident fund, superannuation and other funds	9,388,065	8,032,836
Staff welfare expenses	17,241,151	13,035,195
Total employee benefit expense	160,275,347	126,111,931

19 Finance income

	Nine-month period ended 31 December 2018 USD	Nine-month period ended 31 December 2017 USD
Finance income from:		
- Loan to related parties (refer note 29)	2,990,860	3,236,914
- Others	452,975	235,399
Total finance income	3,443,835	3,472,313

20 Finance costs

	Nine-month period ended 31 December 2018 USD	Nine-month period ended 31 December 2017 USD
Interest expense	17,798,636	18,316,231
Other finance costs	797,989	1,882,601
Total finance costs	18,596,625	20,198,832

21 Other expenses

	Nine-month period ended 31 December 2018 USD	Nine-month period ended 31 December 2017 USD
Consumption of stores and spares and packing materials	13,816,098	14,255,154
Processing charges	1,186,808	1,188,991
Excise duty related to increase/(decrease) in inventory of finished goods	–	127,118
Repairs and maintenance:		
- Plant and machinery	5,808,094	4,571,585
- Buildings	2,963,298	2,652,522
- Others	2,030,780	2,146,013
Office expenses	1,119,171	1,154,784
Communication charges	2,556,294	1,667,322
Power and fuel	12,234,992	10,417,963
Rental expense	4,919,278	2,922,362
Rates and taxes	6,297,611	4,375,638
Legal and professional fees	22,202,527	15,283,035
Travel and conveyance	5,014,565	3,650,390
Vehicle running and maintenance	157,272	179,164
Advertisement, publicity and sales promotion	2,243,053	2,055,497
Insurance expense	1,749,200	1,329,882
Claims to customer and other selling expenses	2,461,442	2,173,616

	Nine-month period ended 31 December 2018 USD	Nine-month period ended 31 December 2017 USD
Commission on sales	4,335,112	2,343,066
Foreign exchange loss, net	–	2,902,824
Allowance for doubtful receivables and advances (net)	1,586,007	84,259
Staff recruitment and training	1,665,589	1,393,995
Freight and forwarding	6,263,377	5,185,956
Bank charges	2,428,268	1,565,551
Miscellaneous expenses	3,508,711	2,277,216
Total other expenses	106,547,547	85,903,903

22 Income tax expense

The major components of income tax expense for the nine-month period ended 31 December 2018 and 31 December 2017 are:

Profit or loss section:

	Nine-month period ended 31 December 2018 USD	Nine-month period ended 31 December 2017 USD
Income tax expense		
Current tax		
Current tax on profits for the period	29,504,213	24,394,252
Adjustment for current income tax of previous years	(622,930)	(159,451)
Total current tax expense	28,881,283	24,234,801
Deferred tax		
Origination and reversal of temporary differences	4,243,992	(6,470,401)
Adjustment in respect of deferred tax of previous years	125,740	23,665
Total deferred tax expense/(benefit)	4,369,732	(6,446,736)
Income tax expense	33,251,015	17,788,065

Other comprehensive income section:

	Nine-month period ended 31 December 2018 USD	Nine-month period ended 31 December 2017 USD
Tax related to items that will not be reclassified to profit or loss	16,216	64,810
Income tax benefit to OCI	16,216	64,810

Reconciliation between average effective tax rate and applicable tax rate for the nine-month period ended 31 December 2018 and 31 December 2017:

	Nine-month period ended 31 December 2018 USD	Nine-month period ended 31 December 2017 USD
Profit from continuing operations before income tax expense	110,251,720	61,390,719
Statutory tax rate	17%	17%
Tax at the Singapore tax rate of 17%	18,742,792	10,436,422
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Incremental allowance for research and development	(1,662,690)	(2,106,060)
Effect of prior year reassessments	(497,190)	(135,786)
Effect of state taxes	227,397	(605,486)
Tax rate difference	13,953,739	6,569,596
Non-deductible expenses*	2,486,967	3,629,379
	33,251,015	17,788,065

* Including effect of tax on exempt income and utilisation of deferred tax assets which was originally recognised through equity.

23 Acquisition of business

On 1 September 2017, subject to customary closing conditions, the Group, through Jubilant Draximage Radiopharmacies Inc. (a wholly owned step-down subsidiary), acquired through an Asset Purchase Agreement ("APA") substantially all of the assets comprising the Radiopharmacy Business and assumed only certain specific, related liabilities, from Triad Isotopes, Inc. ("Triad") for a purchase consideration of USD 21,605,722, including an increase of USD 1,181,364 pursuant to final settlement of working capital during the current period ("Business Combination"). The acquisition cost of USD 2,504,000 has been expensed as incurred and included as part of legal and professional expense within other expenses during the year ended 31 March 2018.

Triad operated one of the largest radiopharmacy network in the US with more than 50 pharmacies under its fold. This acquisition, forming part of Specialty Pharmaceuticals segment, is a strong strategic fit with our niche radiopharma business and will help us better directly serve healthcare providers and their patients with high quality radiopharma products.

The following table summarises the recognised amount of assets acquired and liabilities assumed at the date of acquisition:

Particulars	**Fair value USD**
Property, plant and equipment	8,499,210
Other intangible assets	1,614,339
Inventories	4,774,213
Trade receivables	16,594,094
Other financial assets	4,212,043
Other assets	978,130
Loans and borrowings	(3,003,722)
Provisions	(2,158,863)
Trade payables	(17,616,382)
Employee benefits	(3,316,838)
Other liabilities	(344,336)
Net assets acquired	10,231,888
Goodwill	11,373,834
Total consideration in cash	21,605,722

Goodwill comprises value of acquired workforce and expected synergies arising from the acquisition. Goodwill is deductible for tax purposes.

During the current period, the Group completed the accounting for assets acquired and liabilities assumed on acquisition. Corresponding changes to the comparatives for the current period have not been made as the impact of the change on finalisation of purchase price allocation is not material to the Group's Consolidated Statement of Financial Position or Consolidated Statement of Profit or Loss and Other Comprehensive Income.

24 Employee benefits

(A) Defined contribution plans

a. The Group entities located in India have certain defined contribution plans such as provident fund, employee state insurance, employee pension scheme, wherein specified percentage is contributed to these plans. During the period, the Group has contributed following amounts to:

	Nine-month period ended 31 December 2018 USD	Nine-month period ended 31 December 2017 USD
Employer's contribution to provident fund*	22,201	16,477
Employer's contribution to employee's pension scheme	282,896	292,193
Employer's contribution to employee state insurance	37,360	49,394

* For certain employees where Provident Fund is deposited with Government authority e.g. Regional Provident Fund Commissioner.

b. The Group entities located in United States of America have a 401(k) plan, where in the regular, full-time and part-time employees are eligible to participate in the defined contribution plan. Participants may voluntarily contribute eligible pre-tax and post-tax compensation in 0.5% increments of up to 90% of their annual compensation in accordance with the annual limits as determined by the Internal Revenue Service. Eligible employees in one of the States receive a 100% match of their contributions up to 3% of their eligible compensation and 50% match of their contributions from 3%-5% of their eligible compensation. Such employees above the age of 50 years may choose to contribute "catch-up" contributions in accordance with the Internal Revenue Service limits and are matched the same up to the maximum company contribution of 100% of first 3% of eligible compensation and 50% of the next 2% of contribution. The company's matching contributions vest 100% at all time for such employees. Eligible employees in other States receive a 50% match of their contributions up to 6% of their eligible compensation. Such other employees above the age of 50 years may choose to contribute "catch-up" contributions in accordance with the Internal Revenue Service limits and are matched the same up to the maximum Group contribution of 3% of eligible compensation. The Group's matching contributions vest 100% after three years of service for such other employees. The Group has contributed USD 2,105,801 and USD 1,229,737 for the period ended 31 December 2018 and 31 December 2017, respectively.

c. The entities of the Group located in Canada contribute to a Registered Retirement Savings Plan (RRSP), a trust registered with Canada Revenue Agency (CRA) and to Quebec pension plan (QPP). Under RRSP plan, the Group contributes equivalent to the contribution made by the employee, up to a maximum of 5% of the employees' base salary. Under QPP plan, the Group contributes equivalent to the contribution made by the employees at the rate of 5.40% and 5.40% of the employees' base salary for the periods ended 31 December 2018 and 31 December 2017, respectively.

During the period, the Group has contributed following amounts to:

Plan under which contributions made	Nine-month period ended 31 December 2018 USD	Nine-month period ended 31 December 2017 USD
Registered retirement savings plan (RRSP)	827,774	815,119
Quebec pension plan (QPP)	834,904	827,620

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 26,807 and USD 38,339 for the periods ended 31 December 2018 and 31 December 2017, respectively.

(B) Defined benefit plans

i. Gratuity

In accordance with International Accounting Standard (IAS) 19 "Employee Benefits", an actuarial valuation has been carried out in respect of gratuity. The discount rate assumed is 7.60% p.a. and 7.70% p.a. as at 31 December 2018 and 31 March 2018, respectively which is determined by reference to market yield at the Statement of financial position date on government bonds. The retirement age has been considered at 58 years and mortality table is as per IALM (2006-08) as at 31 December 2018 and 31 March 2018.

The estimates of future salary increases, considered in actuarial valuation is 10% p.a. for first three years and 6% p.a. thereafter as at 31 December 2018 and 31 March 2018, taking into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The plans assets are maintained with Life Insurance Corporation of India in respect of gratuity scheme for certain employees of one unit of the Group. The details of investments maintained by Life Insurance Corporation are not available with the Group, hence not disclosed. The expected rate of return on plan assets is 7.60% p.a. and 7.70% p.a. as at 31 December 2018 and 31 March 2018, respectively.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

	31 December 2018 USD	31 March 2018 USD
Present value of obligation at the beginning of the period	2,694,870	2,272,195
Current service cost	309,815	422,352
Interest cost	146,060	171,207
Actuarial loss	62,353	82,000
Benefits paid	(299,490)	(237,561)
Effect of exchange rate changes	(179,572)	(15,323)
Present value of obligation at the end of the period	2,734,036	2,694,870

Fair value of plan assets:**

	31 December 2018 USD	31 March 2018 USD
Plan assets at the beginning of the period	417,581	333,259
Actual return on plan assets	31,406	33,986
Contribution by employer	107,594	90,779
Benefits paid	(39,121)	(37,981)
Effect of exchange rate changes	(28,290)	(2,462)
Plan assets at the end of the period	489,170	417,581

** 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:

	31 December 2018 USD	31 March 2018 USD
Present value of obligation at the end of the period	2,734,036	2,694,870
Fair value of plan assets at the end of the period	(489,170)	(417,581)
Net liabilities recognised in the Statement of financial position	2,244,866	2,277,289

Group's best estimate of contribution during next year is USD 634,158 and USD 662,229 as at 31 December 2018 and 31 March 2018, respectively.

Expense recognised in the Statement of Profit or Loss and Other Comprehensive income under employee benefits expense:

	31 December 2018 USD	31 March 2018 USD
Current service cost	309,815	422,352
Interest cost	123,379	146,096
Net cost recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income	433,194	568,448

Amount recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income under other comprehensive income:

	31 December 2018 USD	31 March 2018 USD
Actuarial gain due to demographic assumption change	–	(106)
Actuarial gain due to financial assumption change	16,915	(30,295)
Actuarial loss due to experience adjustment	45,438	112,402
Actuarial gain on plan assets	(15,948)	(9,220)
Amount recognised in the other comprehensive income	46,405	72,781

Sensitivity analysis

Assumptions	Discount rates		Future salary increase	
31 December 2018				
Sensitivity level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit	(83,086)	88,045	88,553	(84,305)
31 March 2018				
Sensitivity level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit	(81,802)	86,618	87,201	(83,077)

The sensitivity analysis above has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the period and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant.

ii. Provident Fund:

The Group makes contribution to a recognised provident fund "VAM Employees Provident Fund Trust" (a multiemployer trust) for most of its employees in India, which is a defined benefit plan to the extent that the Group has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

Actuarial assumptions made to determine interest rate guarantee on exempt provident fund liabilities are as follows:

	31 December 2018	31 March 2018
Discount rate	7.60%	7.70%
Guaranteed rate of return	8.55%	8.55%

The Group has contributed to provident fund USD 614,073 and USD 598,066 for the periods ended 31 December 2018 and 31 December 2017, respectively.

(C) Other long term benefits (compensated absences):

	31 December 2018 USD	31 March 2018 USD
Present value of obligation at the end of the period	1,884,073	1,913,538

25 Fair value measurements

	Note	Level of hierarchy	As at 31 December 2018 FVPL USD	As at 31 December 2018 FVOCI USD	As at 31 December 2018 Amortised cost USD	As at 31 March 2018 FVPL USD	As at 31 March 2018 FVOCI USD	As at 31 March 2018 Amortised cost USD
Financial assets								
Trade receivables	(a)		–	–	101,297,442	–	–	105,941,967
Cash and cash equivalents	(a)		–	–	59,609,588	–	–	27,086,489
Other financial assets	(d),(e)	3	–	–	56,945,134	–	–	59,523,146
Total financial assets			–	–	217,852,164	–	–	192,551,602
Financial liabilities								
Loans and borrowings	(c),(e)	1,3	101,677,565	–	308,587,002	96,900,000	–	311,592,249
Trade payables	(a)		–	–	65,478,324	–	–	62,176,755
Employee benefits	(a),(b)		–	–	15,513,418	–	–	20,765,192
Other financial liabilities	(a)		–	–	11,926,329	–	–	11,488,868
Total financial liabilities			101,677,565	–	401,505,073	96,900,000	–	406,023,064

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values of loans and borrowings, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Loans and borrowings (convertible debt instrument)	*Discounted cash flows:* The valuation model considers the weighted present value of payments required to be made to the lender upon the occurrence or non-occurrence of specific events (i.e. Initial Public Offering, Private Equity Investment)	• Probabilities assigned to the occurrence of specific events each of which has a specified payout to the lender. • Adjusted discount rate 14.72% (31 March 2018: 14%)	The estimated fair value would increase (decrease) if the probabilities assigned to the occurrence of an IPO were greater (lower); the adjusted discount rate was lower (higher)

Financial instruments not measured at fair value

The following table shows the valuation techniques and the significant unobservable inputs used in determination of fair value of the Level 3 financial instruments not measured at fair value:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Other financial assets (loan to related parties)	*Discounted cash flows:* The valuation model considers the present value of expected receipts discounted using an adjusted discount rate	Adjusted discount rate 8.57% (31 March 2018: 8.47%)	The estimated fair value would increase (decrease) if the adjusted discount rate was lower (higher)

Although the Group believes that its estimates of fair value are appropriate, the use of different assumptions could lead to different measurements of fair value. For fair value measurements of the convertible debt instrument, changing one or more of the assumptions used to reasonably possible alternative assumptions would reduce profit or loss by the following amounts:

	Impact on profit or loss USD
31 December 2018	
100% probability assigned to an IPO being achieved one year later	(6,418,865)
31 December 2017	
100% probability assigned to an IPO being achieved one year later	(4,282,327)

Note:

(a) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.

(b) Fair value of non-current financial liabilities has not been disclosed as there is no significant difference between carrying value and fair value.

(c) Fair value of loans and borrowings is as below:

		Fair value	
	Level of hierarchy	**31 December 2018 USD**	**31 March 2018 USD**
Bond	1	294,000,000	294,750,000
Other borrowings (including current maturities)*	3	113,028,590	111,951,024
Total		407,028,590	406,701,024

* The fair value of borrowings is based upon a discounted cash flow analysis that uses the aggregate cash flows from principal and finance costs over the life of the debt and current market interest rates.

Reconciliation of convertible debt instrument measured at fair value using level 3 of fair value hierarchy is as below:

	31 December 2018 USD	**31 March 2018 USD**
Opening balance	96,900,000	86,189,548
Loss recognised in profit or loss (included in finance costs)	6,577,565	10,710,452
Repayment	(1,800,000)	–
Closing balance	101,677,565	96,900,000

(d) Fair value of other financial assets is as below:

		Fair value	
	Level of hierarchy	**31 December 2018 USD**	**31 March 2018 USD**
Other financial assets *	3	56,869,458	59,570,047

* The fair value of other financial assets is based upon a discounted cash flow analysis that uses the aggregate cash flows from principal and finance income over the life of the asset and current market interest rates.

(e) There are no transfers between level 2 and level 3.

26 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 December 2018 and 31 March 2018, two customers are having 13.66% and 10.19% and one customer is having 10.01% share in total trade receivables of the Group respectively.

Expected credit loss for trade receivables:

Based on internal assessment which is driven by the historical experience/ current facts available in relation to default and delays in collection thereof, the credit risk for trade receivables is low. The Group estimates its allowance for trade receivable using lifetime expected credit loss.

The age profile of trade receivables are as follows:

	As at 31 December 2018			As at 31 March 2018		
	Gross carrying amount USD	**Allowance for credit losses**	**Net carrying amount**	**Gross carrying amount**	**Allowance for credit losses**	**Net carrying amount**
Not due	86,862,159	–	86,862,159	80,855,105	–	80,855,105
0-90 days	12,660,732	(75,069)	12,585,663	22,311,492	(416,269)	21,895,223
90-180 days	1,304,129	(145,448)	1,158,681	1,731,675	(35,733)	1,695,942
180-270 days	120,452	(14,517)	105,935	355,684	(2,258)	353,426
270-360 days	325,060	(241,616)	83,444	553,590	(208,403)	345,187
More than 360 days	1,738,630	(1,237,070)	501,560	1,830,903	(1,033,819)	797,084
	103,011,162	(1,713,720)	101,297,442	107,638,449	(1,696,482)	105,941,967

Movement in the expected credit loss allowance of trade receivables are as follows:

	Nine-month period ended 31 December 2018 USD	**Nine-month period ended 31 December 2017 USD**
Balance at the beginning of the period	1,696,482	2,202,984
Add : Provided during the period (net of reversal)	199,429	84,259
Less : Amount written off */translation adjustment	(182,191)	(421,331)
Balance at the end of the period	1,713,720	1,865,912

* 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 on Consolidated Statement of Financial Position.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's treasury department is responsible for managing the short term and long term liquidity requirements. Short term liquidity situation is reviewed daily by Treasury. Longer term liquidity position is reviewed on a regular basis by the Board of Directors and appropriate decisions are taken according to the situation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and exclude the impact of netting agreements.

		Contractual cash flows		
	Carrying amount USD	**Total USD**	**Within 1 year USD**	**More than 1 year USD**
At 31 December 2018				
Non-derivative financial liabilities				
Loans and borrowings [(1) (2)]	410,264,567	413,028,590	9,987,257	403,041,333
Trade payables	65,478,324	65,478,324	65,478,324	–
Other financial liabilities	11,926,329	11,926,329	11,926,329	–
Employee benefits	19,642,357	19,642,357	16,088,407	3,553,950
	507,311,577	510,075,600	103,480,317	406,595,283
At 31 March 2018				
Non-derivative financial liabilities				
Loans and borrowings [(1) (2)]	408,492,249	411,951,024	14,489,963	397,461,061
Trade payables	62,176,755	62,176,755	62,176,755	–
Other financial liabilities	11,488,868	11,488,868	11,488,868	–
Employee benefits	20,765,192	20,765,192	16,956,491	3,808,701
	502,923,064	506,381,839	105,112,077	401,269,762

(1) Carrying amount presented as net of unamortised transaction cost.
(2) Contractual cash flows exclude interest payable.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily the INR, USD, CAD and Euro. The currencies in which these transactions are primarily denominated are INR, USD, CAD and Euro.

The Group follows a natural hedge driven currency risk mitigation policy to the extent possible. Any residual risk is evaluated and appropriate risk mitigating steps are taken, including but not limited to entering into forward contracts and interest rate swaps.

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**
As at 31 December 2018				
Trade and other receivables	119,205,964	1,753,553	333,356	1,851,166
Cash and cash equivalents	31,765,448	10,998	–	456,438
Loans and borrowings	175,000	–	–	–
Trade and other payables	28,593,977	1,763,391	1,299,316	810,304
Net statement of financial position exposure	122,202,435	1,160	(965,960)	1,497,300
As at 31 March 2018				
Trade and other receivables	89,409,570	3,093,738	–	2,031,680
Cash and cash equivalents	7,636,567	7,300	639,483	403,236
Loans and borrowings	175,000	–	–	–
Trade and other payables	24,689,243	1,520,486	1,274,261	1,886,041
Net statement of financial position exposure	72,181,894	1,580,552	(634,778)	548,875

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Euro, US dollar or CAD against all other currencies at period end 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
31 December 2018				
USD (1% movement)	1,222,024	(1,222,024)	–	–
EUR (1% movement)	12	(12)	–	–
CAD (1% movement)	(9,660)	9,660	–	–
Others (1% movement)	14,973	(14,973)	–	–
31 March 2018				
USD (1% movement)	721,819	(721,819)	–	–
EUR (1% movement)	15,806	(15,806)	–	–
CAD (1% movement)	(6,348)	6,348	–	–
Others (1% movement)	5,489	(5,489)	–	–

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Group are principally denominated in rupees and US dollars with a mix of fixed and floating rates of interest. The Group has exposure to interest rate risk, arising principally on changes in benchmark lending rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

Exposure to interest rate risk

The interest rate profile of the Group's interest bearing financial instruments as reported to the management of the Group is as follows:

	Nominal amounts	
	As at 31 December 2018 USD	As at 31 March 2018 USD
Fixed-rate borrowings	302,557,372	302,881,011
Floating-rate borrowings*	8,793,652	12,170,013

* floating interest rates are based on Marginal Cost of funds based Lending Rate (MCLR) 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 period-end was outstanding for the whole period.

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 5,719 and USD 34,503 for the periods ended 31 December 2018 and 31 December 2017, respectively. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

27 Capital management

Risk management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the statement of financial position, including non-controlling interests).

The gearing ratios were as follows:

Particulars	As at 31 December 2018 USD	As at 31 March 2018 USD
Net debt	350,654,979	381,405,760
Total equity	419,816,484	384,166,646
Net debt to equity ratio	0.84	0.99

Also refer note 10.

28 Segment information

(a) Description of segments and principal activities

The Chairman and Managing Director of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by IFRS 8, Operating Segments. Operating Segments have been defined and presented based on the regular review by the CODM to assess the performance of segment and to make decision about allocation of resources. During the year ended 31 March 2018, the Group has determined following reportable segment based on nature of its product and service:

- **Specialty Pharmaceuticals** comprising Radiopharmaceuticals (including radiopharmacies), Contract Manufacturing of Sterile Injectables and Non-Sterile products (CMO) and Allergy Therapy products; and

- **Generics and Active Pharmaceutical Ingredients (APIs)** comprising Solid Dosage Formulations and APIs.

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated interim 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	
	Nine-month period ended 31 December 2018 USD	Nine-month period ended 31 December 2017 USD	Nine-month period ended 31 December 2018 USD	Nine-month period ended 31 December 2017 USD	Nine-month period ended 31 December 2018 USD	Nine-month period ended 31 December 2017 USD
REVENUE						
Specialty Pharmaceuticals	387,641,623	275,932,267	–	–	387,641,623	275,932,267
Generics and APIs	175,400,219	150,951,155	183,000	123,000	175,217,219	150,828,155
Total	563,041,842	426,883,422	183,000	123,000	562,858,842	426,760,422

	Nine-month period ended 31 December 2018 USD	Nine-month period ended 31 December 2017 USD
RESULTS		
Specialty Pharmaceuticals	108,285,786	82,792,493
Generics and APIs	29,678,323	4,416,680
Segment total	137,964,109	87,209,173
Un-allocated corporate expenses (net of un-allocated income)	(12,559,599)	(9,091,935)
Finance income	3,443,835	3,472,313
Finance costs	(18,596,625)	(20,198,832)
Profit before tax	110,251,720	61,390,719
Income tax expense	(33,251,015)	(17,788,065)
Profit for the period	77,000,705	43,602,654

	Segment assets		Segment liabilities	
	As at 31 December 2018 USD	As at 31 March 2018 USD	As at 31 December 2018 USD	As at 31 March 2018 USD
Specialty Pharmaceuticals	475,705,575	466,128,888	54,324,937	52,293,557
Generics and APIs	350,574,111	402,942,945	47,648,901	46,351,984
Segment total	826,279,686	869,071,833	101,973,838	98,645,541
Un-allocated corporate assets/liabilities	135,648,689	56,056,369	440,138,053	442,316,015
Total	961,928,375	925,128,202	542,111,891	540,961,556

	Capital expenditure		Depreciation, amortisation and impairment *	
	Nine-month period ended 31 December 2018 USD	Nine-month period ended 31 December 2017 USD	Nine-month period ended 31 December 2018 USD	Nine-month period ended 31 December 2017 USD
Specialty Pharmaceuticals	20,193,554	11,566,294	15,372,588	12,140,117
Generics and APIs	20,508,645	25,178,897	14,484,537	13,760,173
Segment total	40,702,199	36,745,191	29,857,125	25,900,290
Un-allocated	184,020	1,107	63,934	47,357
Total	40,886,219	36,746,298	29,921,059	25,947,647

* Includes USD 859,791 charged off in Generics and APIs segment during the nine-months period ended 31 December 2018 [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:

	Nine-month period ended 31 December 2018 USD	Nine-month period ended 31 December 2017 USD
North America	461,301,154	340,782,495
Europe	49,882,058	42,632,742
Asia	31,518,909	28,000,386
Rest of the world	20,156,721	15,344,799
Total	562,858,842	426,760,422

(ii) Segment non-current assets*:

	As at 31 December 2018 USD	As at 31 March 2018 USD
North America	393,870,503	398,599,702
Europe	10,529,744	11,464,366
Asia**	157,358,411	160,442,613
Total	561,758,658	570,506,681

* Non-current assets exclude financial instruments and deferred tax assets.
** Asia includes USD 7,988 and USD 78,140 as at 31 December 2018 and 31 March 2018, respectively, based in Singapore (country of domicile).

(d) Major customer

For the nine-month period ended 31 December 2018 and 31 December 2017, there is one customer of Specialty Pharmaceuticals segment contributing USD 75,507,100 and USD 62,156,494 respectively of the consolidated revenue of the Group.

29 Related parties

The immediate and ultimate holding company is Jubilant Life Sciences Limited which is incorporated in India.

Transactions with related parties

	Nine-month period ended 31 December 2018 USD	Nine-month period ended 31 December 2017 USD
Purchase of goods and services from:		
- Holding company	978,584	848,178
- Fellow subsidiaries	203,963	195,957
- Other related parties	2,613	–
Sale of goods and services to:		
- Holding company	–	33,221
Reimbursement of expenses:		
- Holding company	6,683,514	6,044,035
- Fellow subsidiaries	7,619	14,277
Recovery of expenses:		
- Holding company	60,356	60,599
- Fellow subsidiaries	331,571	641,435
- Other related parties	60,799	52,899
Loans and borrowings taken:		
- Holding company	6,272,280	9,416,138
Loans and borrowings repaid:		
- Holding company	7,318,149	9,416,138
- Fellow subsidiaries	–	1,800,000
Loans given:		
- Holding company	981,397	852,053
- Fellow subsidiaries	–	1,750,000
Loans received back:		
- Holding company	981,397	852,053
- Fellow subsidiaries	–	1,750,000
Interest expense on loans and borrowings taken:		
- Holding company	5,590	12,715
- Fellow subsidiaries	–	21,533
Interest income on loans given:		
- Holding company	2,990,860	3,227,670
- Fellow subsidiaries	–	9,244

	Nine-month period ended 31 December 2018 USD	Nine-month period ended 31 December 2017 USD
Donation:		
- Other related parties	206,870	123,324
Sale of Merchandise Exports from India Scheme (MEIS) scrips:		
- Holding company	484,588	1,223,304
Group's contribution to provident fund trust:		
- Other related parties	614,073	598,066
Rent expenses:		
- Holding company	482,861	654,435
- Other related parties	84,907	68,699
Sale of assets:		
- Fellow subsidiaries	5,372	–
Dividend paid:		
- Holding company	8,169,000	–
Transactions with key managerial personnel:		
- Short term employee benefits	2,930,040	2,715,161
- Defined contribution plan	13,276	8,574
- Sitting fee	88,500	55,500
- Director fee	38,905	–
	3,070,721	2,779,235

The balances receivable from and payable to related parties are summarised as follows:

Due from related parties

Loans (including interest) receivable

	As at 31 December 2018 USD	As at 31 March 2018 USD
- Holding company	47,765,868	50,193,589

Trade receivables

	As at 31 December 2018 USD	As at 31 March 2018 USD
- Holding company	236,431	255,734
- Fellow subsidiaries	12,520	71,252
	248,951	326,986

Advance recoverable

	As at 31 December 2018 USD	As at 31 March 2018 USD
- Holding company	376,790	512,117
- Fellow subsidiaries	99,412	293,036
- Other related parties	28,789	16,127
	504,991	821,280

Due to related parties

Loans (including interest) payable

	As at 31 December 2018 USD	As at 31 March 2018 USD
- Holding company	–	1,074,115

Trade payables

	As at 31 December 2018 USD	As at 31 March 2018 USD
- Holding company	3,168,420	2,592,425
- Fellow subsidiaries	1,195,725	1,217,678
	4,364,145	3,810,103

30 Contingent liabilities to the extent not provided for

(a) Guarantees:

Outstanding guarantees furnished by banks on behalf of the Group is USD 127,006 and USD 127,148 as at 31 December 2018 and 31 March 2018, respectively.

(b) Claims against Group, disputed by the Group, not acknowledged as debt:

	As at 31 December 2018 USD	As at 31 March 2018 USD
Central Excise	97,400	283,935
Customs	1,131	1,211
Service Tax	4,234,578	4,872,607
Income Tax *	8,685,359	22,100,000
Goods and Services Tax	25,763	–
Others	115,649	3,115
	13,159,880	27,260,868

* 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 30(c) below are determinable only on receipt of judgments/decisions pending at various stages/forums.

(c) 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 2,388,434 and USD 2,583,442 as at 31 December 2018 and 31 March 2018, respectively). JPNV has also filed a counter claim against this customer for damages amounting to €2,379,678 (USD 2,728,063 and USD 2,950,800 as at 31 December 2018 and 31 March 2018, respectively) in the same dispute. During the year ended 31 March 2018, Partial Award No. 2 dated 5 September 2017 was passed by the Arbitrator wherein claims of the customer were allowed for €668,684 (USD 766,579 and USD 829,168 as at 31 December 2018 and 31 March 2018, respectively) but the customer was restrained from using, either directly or indirectly, the Dossiers and also directed to return the Dossiers to JPNV. The customer filed a review of the Partial Award No. 2 which was rejected by the Sole Arbitrator on 9 October 2017. Further,

Partial Award No. 3 dated 14 February 2018 was passed by the Arbitrator holding the customer liable to pay damages of €5,000 (USD 5,732 and USD 6,200 as at 31 December 2018 and 31 March 2018, respectively) per day for any use, either directly or indirectly, of the Dossiers and €1,000 (USD 1,146 and USD 1,240 as at 31 December 2018 and 31 March 2018, respectively) per day for non-return of Dossiers to JPNV before 16 March 2018. On 5 March 2018, the customer also challenged the Partial Awards before Court of Brussels, which has vide interim order at 24 August 2018 rejected the customer's request for the suspension of the Partial Award and the proceedings are ongoing. The customer has also filed a submission for the annulment of the Partial Awards in the proceedings before the Court of Brussels on 17 December 2018. Additionally, on 19 March 2018, the customer had filed a petition before the ICC alleging lack of impartiality and seeking replacement of the Sole Arbitrator, which petition has been dismissed vide ICC order dated 26 April 2018. The proceedings before the sole arbitrator have resumed on the counterclaims filed by JPNV and additional submissions by the Parties are ongoing.

(ii) 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 interim financial statements.

31 Commitments as at period end

(a) Capital commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) is as under:

	As at 31 December 2018 USD	As at 31 March 2018 USD
Property, plant and equipment	12,968,836	13,943,261
Intangibles assets	1,289,248	1,011,820
	14,258,084	14,955,081

(b) For lease commitments, refer note 32.

(c) Other commitments:

Export obligation undertaken by the Group under EPCG scheme to be completed over a period of six years on account of import of capital goods with no import duty and remaining outstanding is USD 3,713,373 and USD 1,953,435 as at 31 December 2018 and 31 March 2018, respectively. Similarly, export obligation under Advance License Scheme on duty free import of specific raw materials, remaining outstanding is USD 8,074,459 and USD 2,904,602 as at 31 December 2018 and 31 March 2018, respectively.

32 Leases

(i) Operating lease payments under cancellable leases:

	Nine-month period ended 31 December 2018 USD	Nine-month period ended 31 December 2017 USD
Premises and equipment	935,018	808,952
Vehicles*	21,156	36,534
	956,174	845,486

* Included under vehicle running and maintenance expense in note 21.

(ii) The Group has significant operating lease arrangements which are non-cancellable for a period up to 5 years. The leases have varying terms, escalation clauses and renewal rights.

The schedule of future minimum lease rental payments in respect of non-cancellable operating leases is set out below:

	As at 31 December 2018 USD	As at 31 March 2018 USD
Not later than one year	4,277,070	4,422,512
Later than one year but not later than five years	6,347,061	6,998,092
Later than five years	94,188	314,423
	10,718,319	11,735,027

	Nine-month period ended 31 December 2018 USD	Nine-month period ended 31 December 2017 USD
Operating lease expenses	3,984,260	2,113,410

(iii) Assets acquired under finance lease:

Future minimum lease payments and their present values under finance leases in respect of vehicles are as follows:

Particulars	Minimum lease payments		Present value of minimum lease payments		Future interest	
	As at 31 December 2018 USD	As at 31 March 2018 USD	As at 31 December 2018 USD	As at 31 March 2018 USD	As at 31 December 2018 USD	As at 31 March 2018 USD
Not later than one year	1,271,188	1,330,851	1,193,605	1,245,835	77,583	85,016
Later than one year but not later than five years	1,446,786	522,657	1,363,768	477,965	83,018	44,692
Later than five years	–	87,251	–	83,096	–	4,155

There is no element of contingent rent or sub lease payments. There are no restrictions imposed by these lease arrangements regarding dividend and additional debt.

33 The aggregate amount of research and development expenditure (excluding depreciation and amortisation) recognised as an expense is 11,192,643 and 9,153,242 during the periods ended 31 December 2018 and 31 December 2017, respectively.

34 Employee Stock Option Scheme

Jubilant India has two stock option plans in place namely:

- Jubilant Employees Stock Option Plan, 2005 (“Plan 2005”)
- JLL Employees Stock Option Plan, 2011 (“Plan 2011”)

Jubilant India has Nomination, Remuneration and Compensation Committee (‘Committee’) of the Board of Directors which comprises a majority of Independent Directors is responsible for administration and supervision of the Stock Option Plans. During the year ended 31 March 2009, members approved constitution of Jubilant Employees Welfare Trust.

Both plans allows grant of option stock to eligible categories of employees of the Company and its subsidiaries (including partnership) at its market price.

Under Plan 2005, as amended, and under Plan 2011, each option, upon vesting, shall entitle the holder to acquire five equity shares of INR 1 each. Options granted up to 28 August 2009 will vest entirely within two years from the grant date, with certain lock-in provisions. Options granted after 28 August 2009 will vest gradually over a period of 5 years from the grant date, without any lock-in provisions.

Under Plan 2011, each option, upon vesting, shall entitle the holder to acquire one equity share of INR 1 each. Options granted will vest gradually over a period of 3 years from the grant date.

Vesting of Options is a function of achievement of performance criteria or any other criteria, as specified by the Committee and communicated in the grant letter.

	PLAN 2005						PLAN 2011		
	Vesting schedule (With lock in) Applicable for grants made up to 28 August 2009			Vesting Schedule (Without lock in) Applicable for grants made after 28 August 2009			Vesting schedule		
Sr. No	% of options scheduled to vest	Vesting date	Lock-in period	% of options scheduled to vest	Vesting date	Lock-in period	% of options scheduled to vest	Vesting date	Lock-in period
1.	10	1 year from grant date	Nil	10	1 year from grant date	Nil	20	1 year from grant date	Nil
2.	15	2 years from grant date	Nil	15	2 years from grant date	Nil	30	2 years from grant date	Nil
3.	20	2 years from grant date	1 year from vesting date	20	3 years from grant date	Nil	50	3 years from grant date	Nil
4.	25	2 years from grant date	2 years from vesting date	25	4 years from grant date	Nil			
5.	30	2 years from grant date	3 years from vesting date	30	5 years from grant date	Nil			

There were no options granted during the periods ended 31 December 2018 and 31 December 2017, accordingly disclosures as required under IFRS 2 with respect to weighted average fair value of stock options granted during the period is not applicable.

The movement in the stock options under both the Plans, during the period, is set out below:

Under Plan 2005

Particulars	Nine-month period ended 31 December 2018		Nine-month period ended 31 December 2017	
	Number of options	Weighted average exercise price (USD)	Number of options	Weighted average exercise price (USD)
Outstanding at the beginning of the period	–	–	500	4.85
Forfeited during the period	–	–	–	–
Exercised during the period	–	–	–	–
Outstanding at the end of the period	–	–	500	4.85
Exercisable at the end of the period	–	–	500	4.85

Under Plan 2011

Particulars	Nine-month period ended 31 December 2018		Nine-month period ended 31 December 2017	
	Number of options	Weighted average exercise price (USD)	Number of options	Weighted average exercise price (USD)
Outstanding at the beginning of the period	7,366	3.28	16,260	3.32
Forfeited during the period	–	–	–	–
Exercised during the period	6,581	3.07	–	–
Outstanding at the end of the period	785	3.17	16,260	3.32
Exercisable at the end of the period	785	3.17	16,260	3.32

The weighted average share price for share options exercised during the nine-month period ended 31 December 2018 was USD 11.08.

Fair value of options granted

The weighted average fair value of options granted for Plan 2005 and Plan 2011 were USD 1.45 per option and USD 1.31 per option respectively. The fair value at grant date is determined using the Black-Scholes-Merton which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The following tables list the inputs to models used for fair valuation of two plans:

Particulars	**Plan 2005**	**Plan 2011**
Expected volatility	29.73% - 41.76%	38.36% - 45.95%
Risk free interest rate	7.52% - 9.44%	7.74% - 8.81%
Exercise price (INR)	198.55 - 359.25	170.20 - 220.90
Expected dividend yield	0.51% - 0.90%	0.63% - 1.10%
Life of options (years)	4.25	3.65

Expected volatility has been based on an evaluation of the historical volatility of the share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

Expense arising from share-based payment transaction

The expenses arising from share-based payment transaction recognised in profit or loss as part of employee benefit expense for the nine-month period ended 31 December 2018 and 31 December 2017 were USD Nil and USD Nil, respectively.

Share options outstanding:

Options	**Options outstanding as at 31 December 2018**	**Options outstanding as at 31 March 2018**	**Remaining contractual life (in years) as at 31 December 2018**	**Remaining contractual life (in years) as at 31 March 2018**	**Exercise Price USD**
Option Plan 2005	–	–	–	–	–
Option Plan 2011	785	7,366	–	–	3.17

Stock option plan of Cadista Holdings Inc.

Cadista Holdings Inc. has issued 749,547 stock options during the period 1995 to 2000 providing option to purchase equal number of common stock of Cadista Holdings Inc.at a price ranging from USD 0.80 to USD 1.60 per share and the weighted average exercisable price of these options is USD 1.54 as at each period end. The options were granted at exercise prices higher than the fair values on grant dates. All of the options are fully vested as at 1 July 2005 and remain unexercised since then.

Pursuant to the terms of the merger, each option to purchase shares that was issued by Cadista and was outstanding at the effective time of the merger on 22 December 2014, was at the effective time of the merger, automatically cancelled, and the holder of such option was entitled to receive cash (without interest, and less any applicable withholding taxes) equal to the product of (i) the excess, if any, of the merger consideration (USD 1.60 per share) over the per share exercise price of such option, multiplied by (ii) the number of shares subject to such option. Options with an exercise price that was equal to or greater than the merger consideration, upon the consummation of the merger, were cancelled without consideration. Holders of stock options are not entitled to exercise appraisal rights under Delaware law.

The erstwhile option holders holding 59,500 options at an exercise price of USD 0.80 per share have the right to make a claim for the differential amount of USD 0.80 per share totalling to 47,600, hence the Group has provided liability for the same in the books of account during the year ended 31 March 2015. Further, during the year ended 31 March 2016 one option holder claimed USD 4,200 for 5,250 options held which was adjusted with the total liability. There have been no more claims of any options during the periods ended 31 December 2018 and 31 December 2017.

35 Subsequent events

The board of directors of the Company at its meeting held on 25 February 2019 approved issuance of unsecured Notes. The Company intends to use a major portion of the net proceeds to refinance existing indebtedness and pay associated fees and premiums over a period of time, and the balance amount for working capital and general corporate purposes.

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