

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ZYDUS TECHNOLOGIES LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of **ZYDUS TECHNOLOGIES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information

Management's Responsibility for the Financial Statements

The Company's management is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and the changes in equity of the Company in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

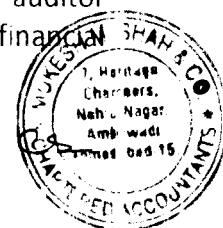
Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the financial statement in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidences about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial



statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

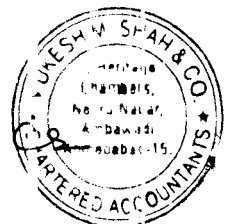
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the financial position, of the Company as at 31st March, 2017, and its financial performance (including other comprehensive income); and its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A" statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the statement of changes in equity dealt with by this Report are in agreement with the books of account
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder;
 - (e) On the basis of the written representations received from the directors as on 31st March 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017, from being appointed as a director in terms of section 164(2) of the Act.



- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Company did not have any pending litigations as on the date of financial statements;
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - The Company has provided requisite disclosures in its financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

For **MUKESH M. SHAH & CO.**,
Chartered Accountants
Firm Registration No.: 106625W

C.S. Shah

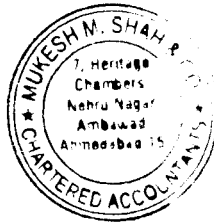
Partner

Chandresh S. Shah

Membership No.: 042132

Place: Ahmedabad

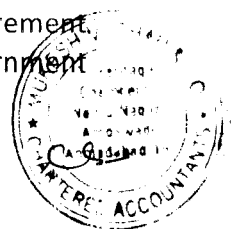
Date: 15th May, 2017



**“Annexure – A” referred to in the Independent Auditors’ Report of even date to the
members of
ZYDUS TECHNOLOGIES LIMITED on the Financial Statements for the year ended 31st March,
2017**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) Some of the fixed assets were physically verified during the year by the management in accordance with programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
2. The Company does not hold any inventory during the year. Hence, this clause of paragraph 4 of the Order is not applicable to the company for the current year.
3. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, clause (iii)(a) and (iii)(b) of paragraph of the Order are not applicable to the company for the current year.
4. In our opinion and according to the information and explanations given to us, the Company has not given any loans, guarantees or security or made any investments to which provisions of section 185 and 186 of the Act is applicable, and accordingly paragraph 3 (iv) of the Order is not applicable to the Company.
5. The Company has not accepted any deposits from the Public within the meaning of the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules frames thereunder. Further, according to the information and explanations given to us, no order has been passed by the Company Law Board of National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal, in this regard.
6. In absence of any manufacturing activities carried out by the Company, the requirement of maintenance of cost records pursuant to the Rules made by the Central Government



under sub-section 1 of Section 148 of the Companies Act, 2013 is not applicable to the Company.

7. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Custom duty, Excise duty, Value added Tax, Cess and any other material statutory dues during the year with the appropriate authorities. Moreover, as at 31st March, 2017, there are no such undisputed dues payable for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, the particulars of dues of Service tax and other material statutory dues as at 31st March, 2017 which have not been deposited on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount involved (Thousand)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1944	Penalty	28,95	April, 2009 To March, 2011	Commissioner of Central Excise – Appeal Ahmedabad

8. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not defaulted in repayment of loans or borrowings from any financial institution, banks, government or due to debenture holders during the year.
9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). The term loans raised during the year have been utilized by the company for the purpose for which the same has been taken.
10. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations given to us and on the basis of our examination of the books of account, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 (with schedule V) of the Act.

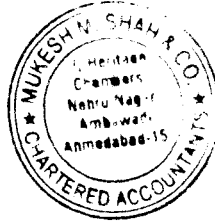


12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **MUKESH M. SHAH & CO.**
Chartered Accountants
Firm Registration No.: 106625W

Chandresh S. Shah

Partner
Chandresh S. Shah
Membership No.: 042132
Place: Ahmedabad
Date: 15th May, 2017



“Annexure B” to the Auditors’ Report – March 31, 2017

Report on the Internal Financial Control clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 (“the act”)

We have audited the internal financial controls over financial reporting of **ZYDUS TECHNOLOGIES LIMITED** (“the company”) as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management Responsibility for Internal Financial Controls

The company’s management is responsible for establishing and maintaining internal financial control based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India [ICAI]. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the act.

Auditors’ Responsibility

Our responsibility is to express an opinion on the company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s Judgement, including the assessment of the material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material on the financial statements.

Inherent limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected, also, projections any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For MUKESH M. SHAH & CO.

Chartered Accountants

Firm Registration No.: 106625W

CS Shah

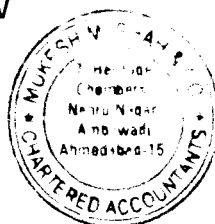
Partner

Chandresh S. Shah

Membership No.: 042132

Place: Ahmedabad

Date: 15th May, 2017



ZYDUS TECHNOLOGIES LIMITED
Balance Sheet as at March 31, 2017

Particulars	Note No.	INR- Thousands		
		As at		
		March 31, 2017	March 31, 2016	April 1, 2015
ASSETS:				
Non-Current Assets:				
Property, Plant and Equipment	3 [A]	131,592	133,999	141,295
Other Intangible Assets	3 [B]	4	8	12
Capital work-in-progress	4	6,847,858	5,806,027	4,705,934
Financial Assets:				
Other Financial Assets	5	1,847	1,847	1,847
Other Non-Current Assets	6	3,133	28,663	57,162
Assets for Current tax [Net]	7	4	-	7
		6,984,438	5,970,544	4,906,257
Current Assets:				
Financial Assets:				
Cash and Cash Equivalents	8	4,807	6,888	2,790
Loans	9	653	108	2,808
Other Current Financial Assets	10	165	165	141
Other Current Assets	11	7,938	5,543	2,124
		13,563	12,704	7,863
Total		6,998,001	5,983,248	4,914,120
EQUITY AND LIABILITIES:				
Equity:				
Equity Share Capital	12	590,000	590,000	590,000
Other Equity	13	(21,206)	(18,552)	(15,798)
		568,794	571,448	574,202
Non-Current Liabilities:				
Financial Liabilities:				
Borrowings	14	6,227,798	3,565,196	3,908,036
Other Financial Liabilities	15	1,139	924	924
Provisions	16	4,450	2,514	2,974
		6,233,387	3,568,634	3,911,934
Current Liabilities:				
Financial Liabilities:				
Trade Payables	17	74,854	67,925	67,572
Other Financial Liabilities	18	91,563	1,724,970	345,028
Other Current Liabilities	19	27,340	49,362	15,254
Provisions	20	2,044	902	130
Current Tax Liabilities [Net]	21	19	7	-
		195,820	1,843,166	427,984
Total		6,998,001	5,983,248	4,914,120
Significant Accounting Policies	2			
Notes to the Financial Statements	1 to 34			

As per our report of even date

For Mukesh M. Shah & Co.,

Chartered Accountants

Firm Registration Number: 10668754

7, Heritage Chambers, Mehru Nagar, Ambawadi, Ahmedabad-15.

Chandresh S. Shah

Partner

Membership Number: 622

Ahmedabad, Dated:

Dishita Shah

Dishita Shah

Company Secretary

S. D. Patel

Sandip D. Patel
Chief Financial Officer

Rajib Baidya

Rajib Baidya
Whole Time Director

Sharvil P. Patel

Sharvil P. Patel
Chairman

For and on behalf of the Board

ZYDUS TECHNOLOGIES LIMITED
Statement of Profit and Loss for the year ended March 31, 2017

Particulars	Note No.	INR- Thousands	
		Year ended March 31	
		2017	2016
EXPENSES:			
Employee Benefits Expense	23	210	139
Finance Costs	24	1,179	1,051
Other Expenses	25	1,138	1,510
Loss before Tax		2,527	2,700
Add: Tax Expense:			
Current Tax		127	54
Loss for the year		2,654	2,754
OTHER COMPREHENSIVE INCOME		-	-
Total Comprehensive Income for the year Net of Tax		2,654	2,754
Basic Earning per Equity Share [EPS] [in Rupees]	26	(0.05)	(0.06)
Diluted Earning per Equity Share [EPS] [in Rupees]		(0.04)	(0.05)
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 34		

As per our report of even date

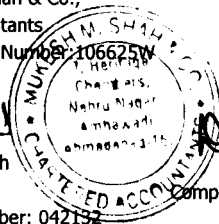
For and on behalf of the Board

For Mukesh M. Shah & Co.,

Chartered Accountants

Firm Registration Number: 106625W

C.S. Shah
 Chandresh S. Shah
 Partner
 Membership Number: 042192
 Ahmedabad, Dated:



Dishita Shah
 Dishita Shah
 Company Secretary

S.D. Patel

Sandip D. Patel
 Chief Financial Officer

Rajib Baidya

Rajib Baidya
 Whole Time Director

Shantil P. Patel

Shantil P. Patel
 Chairman

ZYDUS TECHNOLOGIES LIMITED
Statement of Change in Equity for the year ended March 31, 2017

a Equity Share Capital:		
	No. of Shares	INR- Thousands
Equity Shares of INR 10/- each, Issued, Subscribed and Fully Paid-up:		
As at April 1, 2015	50,000,000	500,000
As at March 31, 2016	50,000,000	500,000
As at March 31, 2017	50,000,000	500,000
8% Optionally Convertible Non-Cumulative Redeemable Preference Shares of INR 100/- each, Issued, Subscribed and Fully Paid-up:		
As at April 1, 2015	900,000	90,000
As at March 31, 2016	900,000	90,000
As at March 31, 2017	900,000	90,000

b Other Equity:			
	INR- Thousands		
	Reserves and Surplus Retained Earnings	Items of OCI FVTOCI Reserve	Total
	As at April 1, 2015	(15,798)	
Add: Loss for the year	(2,754)		(2,754)
[Less]: Other Comprehensive income	-		-
Total Comprehensive Income	(18,552)		(18,552)
As at March 31, 2016	(18,552)		(18,552)
Add: Loss for the year	(2,654)		(2,654)
Add [Less]: Other Comprehensive income	-		-
Total Comprehensive Income	(21,206)		(21,206)
As at March 31, 2017	(21,206)		(21,206)

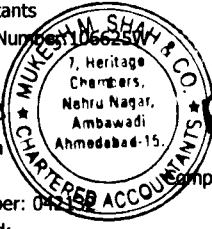
As per our report of even date

For and on behalf of the Board

For Mukesh M. Shah & Co.,
Chartered Accountants
Firm Registration Number: 042152

C.S. Shah
Chandresh S. Shah
Partner
Membership Number: 042152
Ahmedabad, Dated:

Dishita
Dishita Shah
Company Secretary



S.D. Patel
Sandip D. Patel
Chief Financial Officer

Rajib Baidya
Rajib Baidya
Whole Time Director

Sharvil P. Patel
Sharvil P. Patel
Chairman

ZYDUS TECHNOLOGIES LIMITED**Note: 1-Company overview:**

Zydus Technologies Limited is an India-based pharmaceutical company. The Company has set up a unit in SEZ to develop, patent, manufacture and market non-oral dosage form generic drugs using novel drug delivery system in selected therapeutic areas for regulated developed Global markets. The product selection will focus on easier to formulate products with low IP barriers, as well as on high margin, limited competition products to achieve sustainable margins. The Company has filed and will continue to file ANDAs [Abbreviated New Drug Application] and remain focused on selected therapeutic areas in regulated markets. The marketing strategy will initially focus on ANDAs products.

These financial statements were authorised for issue in accordance with a resolution passed by the Board of Directors at their meeting held on May 15, 2017.

Note: 2-Significant Accounting Policies:

A The following note provides list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented unless otherwise stated.

1 Basis of Accounting:

- A** The financial statements have been prepared in accordance with Indian Accounting Standards [Ind AS] notified under the Companies [Indian Accounting Standards] Rules, 2015 and with the applicable provisions of the Companies Act, 2013.
- B** For all periods up to and including the year ended March 31, 2016, the Company has prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies [Accounts] Rules, 2014 [Indian GAAP]. The Company has adopted Ind AS as per Companies [Indian Accounting Standards] [Ind AS] Rules, 2015 as notified transition date to Ind AS is April 1, 2015 and hence the comparatives for the previous year ended March 31, 2016 and balances as on April 1, 2015 have been restated as per the principles of Ind AS, wherever deemed necessary. Reconciliations and descriptions of the effect of the transition from previous GAAP to Ind AS have been summarized in note 31 and note 32.
- C** The financial statements have been prepared on historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:
- i Defined benefit plans
 - ii Long term employment benefits

2 Use of Estimates:

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Critical estimates and judgments**a Income Taxes:**

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/ recovered for uncertain tax positions.

b Property, plant and equipment:

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Management reviews the residual values, useful lives and methods of depreciation of property, plant and equipment at each reporting period end and any revision to these is recognised prospectively in current and future periods. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

c Employee Benefits:

Significant judgments are involved in making judgments about the life expectancy, discounting rate, salary increase, etc. which significantly affect the working of the present value of future liabilities on account of employee benefits by way of defined benefit plans.

d Impairment of assets:

Significant judgment is involved in determining the estimated future cash flows from the investments and Property, Plant and Equipment to determine its value in use to assess whether there is any impairment in its carrying amount as reflected in the financials.

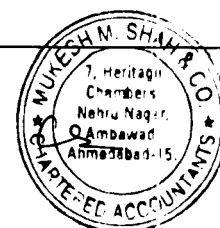
3 Foreign Currency Transactions:

The Company's financial statements are presented in Indian Rupees [INR], which is the functional and presentation currency.

- A** The transactions in foreign currencies are translated into functional currency at the rates of exchange prevailing on the dates of transactions.
- B** Foreign Exchange gains and losses resulting from settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the year end exchange rates are recognised in the Statement of Profit and Loss.
- C** Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of Profit and Loss within finance costs. All the other foreign exchange gains and losses are presented in the statement of Profit and Loss on a net basis.
- D** The net gain or loss on account of exchange rate differences either on settlement or on translation of long term foreign currency monetary items recognised on or after April 1, 2016 is recognised as income or expense in the Statement of Profit or Loss in the year in which they arise. The net gain or loss on long term foreign currency monetary items recognised upto March 31, 2016 was recognised under "Foreign Currency Monetary Items Translation Difference Account" [FCMITDA], except in case of foreign currency loans taken for funding of Property, Plant and Equipment, where such difference was adjusted to the cost of respective Property, Plant and Equipment as per the exemption given under Ind AS 101 to defer/ capitalize exchange differences arising on long-term foreign currency monetary items. The FCMITDA is amortised during the tenure of loans but not beyond March 31, 2020.

4 Revenue Recognition:

- A** Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government and is shown net of returns, trade allowances, rebates, value added taxes and volume discounts.



Note: 2-Significant Accounting Policies-Continued:

B The specific recognition criteria described below must also be met before revenue is recognised.

a Interest Income:

For all debt instruments measured at amortised cost interest income is recorded using the effective interest rate [EIR]. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

b Other Income:

Other income is recognised when no significant uncertainty as to its determination or realisation exists.

5 Taxes on Income:

Tax expenses comprise of current and deferred tax.

A Current Tax:

a Current tax is measured at the amount expected to be paid on the basis of reliefs and deductions available in accordance with the provisions of the Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

b Current tax items are recognised in correlation to the underlying transaction either in statement of profit and loss, OCI or directly in equity.

B Deferred Tax:

a Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

b Deferred tax liabilities are recognised for all taxable temporary differences.

c Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilized.

d The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

e Deferred tax assets and liabilities are measured at the tax rates [and tax laws] that have been enacted or substantively enacted at the reporting date and are expected to apply in the year when the asset is realised or the liability is settled.

f Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

g Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

7 Property, Plant and Equipment:

A Property, Plant and Equipment are stated at historical cost of acquisition/ construction less accumulated depreciation and impairment loss.

Historical cost [Net of Input tax credit received/ receivable] includes related expenditure and pre-operative & project expenses for the period up to completion of construction/ assets are ready for its intended use, if the recognition criteria are met and the present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Effective from April 1, 2007, the foreign exchange loss or gain on long term foreign currency loans recognised upto March 31, 2016 attributable to Property, Plant and Equipment is adjusted to the cost of respective property, plant and equipment. 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 Company 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 costs are charged to the statement of profit and loss during the reporting period in which they are incurred, unless they meet the recognition criteria for capitalisation under Property, Plant and Equipment.

On transition to Ind AS, the Company has elected to continue with the carrying value of all its Property, Plant and Equipment recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the Property, Plant and Equipment.

B Where components of an asset are significant in value in relation to the total value of the asset as a whole, and they have substantially different economic lives as compared to principal item of the asset, they are recognised separately as independent items and are depreciated over their estimated economic useful lives.

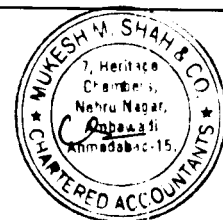
C Depreciation on tangible assets is provided on "straight line method" based on the useful lives as prescribed under Schedule II of the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. However, management reviews the residual values, useful lives and methods of depreciation of property, plant and equipment at each reporting period end and any revision to these is recognised prospectively in current and future periods.

D Depreciation on impaired assets is calculated on its reduced value, if any, on a systematic basis over its remaining useful life.

E Depreciation on additions/ disposals of the Property, Plant and Equipment during the year is provided on pro-rata basis according to the period during which assets are used.

F Where the actual cost of purchase of an asset is below INR 10,000/-, the depreciation is provided @ 100%.

G Capital work in progress is stated at cost less accumulated impairment loss, if any. All other repair and maintenance costs are recognised in statement of profit or loss as incurred, unless they meet the recognition criteria for capitalisation under Property, Plant and Equipment.



Note: 2-Significant Accounting Policies-Continued:

H An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset [calculated as the difference between the net disposal proceeds and the carrying amount of the asset] is included in the statement of profit and loss when the asset is derecognised.

8 Intangible Assets:

- A** Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.
- B** Internally generated intangibles are not capitalised and the related expenditure is reflected in the Statement of profit and loss in the period in which the expenditure is incurred.
- C** Trade Marks, Technical Know-how Fees and other similar rights are amortised over their estimated useful life.
- D** Capitalised cost incurred towards purchase/ development of software is amortised using straight line method over its useful life of four years as estimated by the management at the time of capitalisation.
- E** Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.
- F** An item of intangible asset initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset [calculated as the difference between the net disposal proceeds and the carrying amount of the asset] is included in the Statement of profit and loss when the asset is derecognised.

9 Capital Work in Progress:

The expenditure in relation to setting up of manufacturing facilities and in relation to development of process technologies and obtaining necessary registration with various statutory authorities including the expenditure incurred on acquiring in-process technologies for product development and subsequent expenditure incurred on further development and registration of products and process are being shown as "Capital Work in Progress".

10 Borrowing Costs:

- A** Borrowing costs consist of interest and other borrowing costs that are incurred in connection with the borrowing of funds. Other borrowing costs include ancillary charges at the time of acquisition of a financial liability, which is recognised as per EIR method. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs.
- B** Borrowing costs that are directly attributable to the acquisition/ construction of a qualifying asset are capitalised as part of the cost of such assets, up to the date the assets are ready for their intended use.

11 Impairment of Assets:

The Property, Plant and Equipment and Intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, the assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets [cash generating units]. Non-financial assets other than Goodwill that suffered an impairment loss are reviewed for possible reversal of impairment at the end of each reporting period. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

12 Cash and Cash Equivalents:

Cash and Cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments.

13 Leases:**As a lessee:**

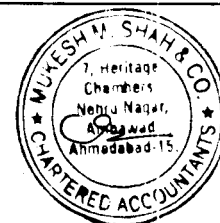
The determination of whether an arrangement is [or contains] a lease is based on the substance of the arrangement at the inception of the lease. Lease under which the Company assumes potentially all the risk and rewards of ownership are classified as finance lease. When acquired, such assets are capitalised at fair value or present value of the minimum lease payment at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expenses on straight line basis in Net Profit in the statement of profit and loss over the lease term, unless the payments are structured to increase in line with expected general inflation to compensate lessor's expected inflationary cost increases.

14 Provisions, Contingent Liabilities and Contingent Assets:

- A** Provisions are recognised when the Company has a present obligation as a result of past events and it is probable that the outflow of resources will be required to settle the obligation and in respect of which reliable estimates can be made. A disclosure for contingent liability is made when there is a possible obligation, that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision/ disclosure is made. Contingent assets are not recognised but are disclosed separately in the financial statements. Provisions and contingencies are reviewed at each balance sheet date and adjusted to reflect the correct management estimates. Contingent assets are not recognised but are disclosed separately in financial statements.
- B** If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

15 Employee Benefits:**A Short term obligations:**

Liabilities for wages and salaries, including leave encashment that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting and are measured by the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.



Note: 2-Significant Accounting Policies-Continued:**B Long term employee benefits obligations:****a Leave Wages and Sick Leave:**

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months period after the end of the period in which the employees render the related service. They are therefore, measured at the present value of expected future payments to be made in respect of services provided by employees upto the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of reporting period that have the terms approximating to the terms of the related obligation. Gains and losses through re-measurements are recognised in statement of profit and loss.

b Defined Benefit Plans:**i Gratuity:**

The Company operates a defined benefit gratuity plan with contributions to be made to a separately administered fund through Life Insurance Corporation of India through Employees Group Gratuity Plan. The Liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit plan obligation at the end of the reporting period less the fair value of the plan assets. The Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to the market yields at the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost in calculated by applying the discounting rate to the net balance of the defined benefit obligation and the fair value of plan assets. Such costs are included in employee benefit expenses in the statement of Profit and Loss. Re-measurements gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in the period in which they occur directly in "other comprehensive income" and are included in retained earnings in the statement of changes in equity and in the balance sheet. Re-measurements are not reclassified to profit or loss in subsequent periods.

The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- i Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non routine settlements;
- ii Net interest expense or income.

b Defined Contribution Plans - Provident Fund Contribution:

Eligible employees of the Company receive benefits from a provident fund, which is a defined contribution plan. Both the eligible employee and the company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under the provident fund plan are deposited in a government administered provident fund. The companies have no further obligation to the plan beyond its monthly contributions. Such contributions are accounted for as defined contribution plans and are recognised as employees benefit expenses when they are due in the statement of profit and loss.

16 Financial liabilities:**A Initial recognition and measurement:**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

B Subsequent measurement:

Subsequently all financial liabilities are measured as amortised cost except for financial guarantee contracts, as described below:

Loans and borrowings:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. 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 as finance costs in the statement of profit and loss.

C Derecognition:

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 statement of profit or loss.

D Embedded derivatives:

An embedded derivative is a component of a hybrid [combined] instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

E Offsetting of financial instruments:

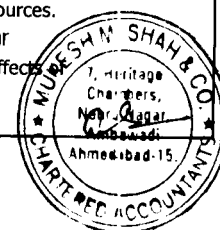
Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker [CODM] of the company.

17 Earnings per Share:

Basic earnings per share are calculated by dividing the net profit or loss [excluding other comprehensive income] for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a right issue, shares split and reserve share splits [consolidation of shares] that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss [excluding other comprehensive income] for the year attributable to equity share holders and the weighted average number of shares outstanding during the year are adjusted for the effect of all dilutive potential equity shares.



ZYDUS TECHNOLOGIES LIMITED

Note: 2-Significant Accounting Policies-Continued:

B Standards issued but not yet effective:

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7 "Statement of cash flows" and Ind AS 102 "Share-based payment". These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7 "Statement of cash flows" and IFRS 2 "Share-based payment", respectively. The amendments are applicable to the Company from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The Company is evaluating the requirements of the amendment and its effect on the financial statements.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards.

Market-based performance conditions and non-vesting conditions are reflected in the "fair values", but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement. This amendment does not apply to the Company.

Notes to the Financial Statements

Note: 3 -Property, Plant & Equipment and Intangible Assets:

A Property, Plant and Equipment:

INR-Thousands

	Leasehold <u>Land</u>	<u>Buildings</u>	Plant and <u>Equipment</u>	Furniture and <u>Fixtures</u>	<u>Vehicles</u>	Office <u>Equipment</u>	<u>Total</u>
Gross Block:							
As at April 1, 2015*	70,057	18,562	70,501	6,773	4,275	828	170,996
Additions	-	-	41	-	-	11	52
Disposals	-	-	(2)	-	(647)	-	(649)
Other adjustments	-	-	-	-	-	-	-
As at March 31, 2016	70,057	18,562	70,540	6,773	3,628	839	170,399
Additions	-	-	652	373	2,481	1,347	4,853
Disposals	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-
As at March 31, 2017	70,057	18,562	71,192	7,146	6,109	2,186	175,252
Depreciation and Impairment:							
As at April 1, 2015*	3,584	1,641	19,848	2,395	1,578	655	29,701
Depreciation for the year	708	286	4,675	762	532	136	7,099
Impairment for the year	-	-	-	-	-	-	-
Disposals	-	-	(2)	-	(398)	-	(400)
As at March 31, 2016	4,292	1,927	24,521	3,157	1,712	791	36,400
Depreciation for the year	708	286	4,718	764	655	129	7,260
Impairment for the year	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
As at March 31, 2017	5,000	2,213	29,239	3,921	2,367	920	43,660
Net Block:							
As at April 1, 2015*	66,473	16,921	50,653	4,378	2,697	173	141,295
As at March 31, 2016	65,765	16,635	46,019	3,616	1,916	48	133,999
As at March 31, 2017	65,057	16,349	41,953	3,225	3,742	1,266	131,592

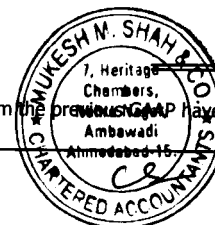
B Intangible Assets:

Other Intangible Assets

Computer
Software **Total**

Gross Block:		
As at April 1, 2015*	1,704	1,704
As at March 31, 2016	1,704	1,704
As at March 31, 2017	1,704	1,704
Amortisation and Impairment:		
As at April 1, 2015*	1,692	1,692
Amortisation for the year	4	4
As at March 31, 2016	1,696	1,696
Amortisation for the year	4	4
As at March 31, 2017	1,700	1,700
Net Block:		
As at April 1, 2015*	12	12
As at March 31, 2016	8	8
As at March 31, 2017	4	4

* Represents deemed cost on the date of transition to Ind AS. Gross block and accumulated depreciation from the previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.



ZYDUS TECHNOLOGIES LIMITED
Notes to the Financial Statements

Note: 3-Property, Plant & Equipment and Intangible Assets - Continued:

	INR- Thousands	
	Year ended March 31	
	2017	2016
Depreciation, Amortisation and Impairment expenses:		
Depreciation	7,260	7,099
Amortisation	4	4
Total	7,264	7,103

	INR- Thousands		
	As at		
	March 31, 2017	March 31, 2016	April 1, 2015

Note: 4 - Capital Work in Progress[Net]:

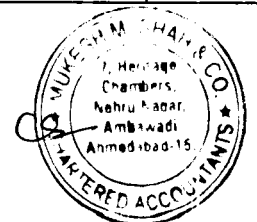
Opening balance	5,806,027	4,705,934	3,672,649
Addition for the year:			
Salaries and wages	37,174	27,592	21,509
Company's contribution to provident & other funds	4,629	1,437	1,072
Staff Welfare Expenses	1,930	1,516	1,309
Purchase of Stores and spare parts	10,058	4,087	1,421
Power & fuel	8,091	7,357	6,377
Insurance	5,353	6,535	6,818
Repairs to Buildings	2,874	1,072	965
Repairs to Plant and Machinery	2,966	1,464	1,029
Repairs to Others	2,205	1,872	1,787
Rent	18	18	18
Rates and Taxes	-	-	800
Finance Cost:			
Interest on term Loan	48,999	65,466	101,524
Interest others	386,424	295,863	208,486
Net (Gain)/loss on foreign currency transactions and translation on ECB loan	(47,398)	135,187	112,590
Whole Time Director's Remuneration	5,218	4,680	6,852
Legal and Professional Fees	8,498	55,854	36,199
Consumption of Materials for development Products & processes	108,513	96,365	45,003
Product/ process Validation and Registration charges	409,964	356,350	308,670
Depreciation, Amortisation and Impairment expense	7,265	7,102	9,071
Other Expenses	17,719	12,666	12,601
Other Property, Plant and Equipments	21,496	16,566	151,137
Net Loss on foreign currency transactions and translation	317	1,237	981
	6,848,340	5,806,220	4,708,869
Less:			
Interest on Fixed Deposits with Bank	-	-	2,675
Interest on Deposit with UGVCL	397	174	156
Sundry Income	85	19	104
	482	193	2,935
Total	6,847,858	5,806,027	4,705,934
Notes:			
[1] Borrowing costs Capitalised on qualifying assets.	388,025	496,516	422,600
[2] The above expenses will be allocated to respective items of fixed assets upon successful implementation of process technologies developed and commencement of its commercial exploitation/ operations.			

Note: 5-Other Financial Assets:

[Unsecured, Considered Good unless otherwise stated]			
Security Deposits	1,847	1,847	1,847
Total	1,847	1,847	1,847

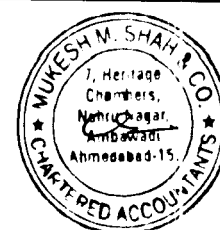
Note: 6-Other Non-Current Assets:

[Unsecured, Considered Good unless otherwise stated]			
Capital Advances	2,017	1,263	151
Balances with Statutory Authorities [*]	1,116	27,400	57,011
Total	3,133	28,663	57,162



ZYDUS TECHNOLOGIES LIMITED
Notes to the Financial Statements

	INR- Thousands		
	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Note: 6-Other Non-Current Assets-Continued:			
[*] Service Tax Refund Receivables amounting to Rs.876 [as at March 31, 2016: Rs.27,395 (as at April 1,2015: Rs. 56981)] Thousands are in respect of service tax paid on the value of services availed by the Company's unit situated in Special Economic Zone, which is eligible for refund under the applicable statutory provisions. During the financial year the Company has received total Rs.26,519 thousands against these refund claims. In view of the above, the Company is confident of recovery of the pending refund claims and hence, no provision is considered necessary in accounts.			
Note: 7-Assets for Current tax [Net]:			
[Unsecured, Considered Good unless otherwise stated]			
Advance payment of Tax [Net of provision for taxation of Rs.875 thousands {as at March 31, 2016: Nil Rs. (as at April 1, 2015: Rs. 975)} Thousands]	4	-	7
Total	4	-	7
Note: 8-Cash and Cash Equivalents:			
Balances with Banks [*]	4,767	6,870	2,767
Cash on Hand	40	18	23
Total	4,807	6,888	2,790
[*] Earmarked balances with banks:			
A Bank deposits with maturity of more than 12 months	-	1	1
In accordance with MCA notification G.S.R. 308 (E) dated March 30, 2017 details of Specified Bank Notes [SBN] and Other Denomination Notes [ODN] held and transacted during the period from November 8, 2016 to December 30, 2016 is given below:			
Particulars	Total	SBN	ODN
Closing cash on hand as on November 8, 2016	8	7	1
Permitted receipts	125	4	121
Permitted payments	67	-	67
Amount deposited in banks	12	11	1
Closing cash on hand as on December 30, 2016	54	-	54
Note: 9-Loans:			
[Unsecured, Considered Good]			
Other Advances	653	108	2,808
Total	653	108	2,808
Note: 10-Other Current Financial Assets:			
[Unsecured, Considered Good]			
Interest Receivables	165	165	141
Total	165	165	141
Note: 11-Other Current Assets:			
[Unsecured, Considered Good]			
Balances with Statutory Authorities	100	2	3
Advances to Suppliers	7,325	1,165	-
Prepaid Expenses	513	4,376	2,121
Total	7,938	5,543	2,124
Note: 12-Equity Share Capital:			
Authorised:			
50,000,000 [as at March 31, 2016 : 50,000,000] {as at April 1, 2015 : 50,000,000}	500,000	500,000	500,000
Equity Shares of INR 10/- each			
1,000,000 [as at March 31, 2016 : 1,000,000] { as at April 1, 2015: 1,000,000}	100,000	100,000	100,000
Preference Shares of Rs.100/- each	600,000	600,000	600,000
Issued, Subscribed and Paid-up:			
50,000,000 [as at March 31, 2016 : 50,000,000] {as at April 1, 2015 : 50,000,000}	500,000	500,000	500,000
Equity Shares of INR 10/- each fully paid up			
900,000 [as at March 31, 2016 : 900,000] {as at April 1, 2015 : 900,000} 8% Optionally Convertible Non-Cumulative Redeemable Preference shares of Rs. 100/- each fully paid up	90,000	90,000	90,000
	590,000	590,000	590,000
A There is no change in the number of shares as at the beginning and end of the year.			
a Number of Equity shares at the beginning and at the end of the year	50,000,000	50,000,000	50,000,000
b Number of Preference shares at the beginning and at the end of the year	900,000	900,000	900,000



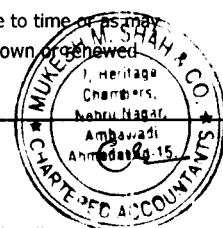
ZYDUS TECHNOLOGIES LIMITED
Notes to the Financial Statements

	INR- Thousands		
	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Note: 12-Equity Share Capital-Continued:			
B The Company has equity shares and preference shares. All equity shares rank pari passu and carry equal rights with respect to voting and dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remained after distribution of all preferential amounts.			
C Optionally Convertible Non-Cumulative Redeemable Preference [OCRPS] shares are redeemable at par. At anytime during the tenure of the OCRPS, the Issuer of the OCRPS shall have right to have all, or any part, of the OCRPS to be converted as Equity Shares. At anytime during the tenure of the OCRPS, the Holder of the OCRPS shall have right to have all, or any part, of the OCRPS to be converted as Equity Shares. Such conversion shall happen at a pre-determined agreed rate between the parties. The tenure of the OCRPS shall be 10 years from the date of allotment, February 10, 2010. At any time during the tenure of the OCRPS, the Company shall have a right to redeem, all or any part of outstanding OCRPS. The OCRPS shall carry a preferential right with respect to dividend on the paid up capital in the event of distribution of profits by the company.			
D Details of share holders holding more than 5% of Shares:			
a Equity Shares:			
i Cadila Healthcare Limited and its nominees [Holding Company]			
Number of Shares	42,500,000	42,500,000	42,500,000
% to total share holding	85%	85%	85%
ii Essgee Enterprises LLC			
Number of Shares	7,072,122	7,072,122	7,072,122
% to total share holding	14%	14%	14%
b Preference shares:			
Cadila Healthcare Limited [Holding Company]			
Number of Shares	900,000	900,000	900,000
% to total share holding	100%	100%	100%

Note: 13-Other Equity:			
Fair Value through Other Comprehensive Income [FVTOCI] Reserve	-	-	-
Retained Earnings:			
Balance as per last Balance Sheet	(18,552)	(15,798)	(15,798)
Less: Loss for the year	(2,654)	(2,754)	-
	(21,206)	(18,552)	(15,798)
Balance as at the end of the year	(21,206)	(18,552)	(15,798)
Total	(21,206)	(18,552)	(15,798)

	INR- Thousands					
	Non-current portion			Current Maturities		
	As at					
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
A Term Loans from Banks:						
External Commercial Borrowings in- Foreign Currency						
a Secured	2,196,577	2,243,975	2,117,015	-	-	-
B Buyer's Credit in foreign currency						146,520
	2,196,577	2,243,975	2,117,015	-	-	146,520
C From Others [Unsecured]	4,031,221	1,321,221	1,791,021	-	1,649,500	114,700
Total	6,227,798	3,565,196	3,908,036	-	1,649,500	261,220
The above amount includes:						
Secured borrowings	2,196,577	2,243,975	2,117,015		-	146,520
Amount disclosed under the head "Other Financial Liabilities" [Note-18]	-	-	-	-	(1,649,500)	(261,220)
Net amount	2,196,577	2,243,975	2,117,015	-	(1,649,500)	(114,700)

A Securities and Terms of Repayment for Secured Long Term Borrowings:	
a Foreign Currency Loans:	
i ECB of USD 33.86 Million is secured by hypothecation of a specific trade mark of the Holding Company and pledge to be created on 7,500,000 [as at March 31, 2016 : 7,500,000] equity shares of the company held by non-controlling interest holder and corporate guarantee of the Holding Company. Loan repayment to bank will start from May 15, 2018 in three yearly equal instalments of USD 11,285,330 each. The interest rate are reset every month at the rate of 1 month USD LIBOR plus 150 bps p.a.	
B Terms of Repayment for Unsecured Long Term Borrowings:	
a Rupee Loans:	
i The Loans from the Holding Company will be repaid within 3 to 5 years from the date of execution of loan agreements from time to time or as may be decided mutually by both the parties. The applicable interest rate on the loan is SBI BPLR less 2% p.a. for the loans drawn down or renewed before 21st October, 2015 and SBI Base Rate plus 0.50% p.a. for the loans draw down or renewed after that date.	



ZYDUS TECHNOLOGIES LIMITED
Notes to the Financial Statements

	INR- Thousands		
	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Note: 15-Other Financial Liabilities:			
Deposits	1,139	924	924
Total	1,139	924	924
Note: 16-Provisions:			
Provision for Employee Benefits	4,450	2,514	2,974
Total	4,450	2,514	2,974

Defined benefit plan and long term employment benefit

A General description:

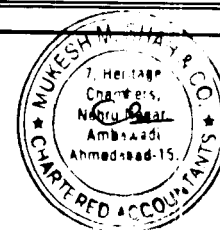
Leave wages [Long term employment benefit]:

The leave encashment scheme is administered through Life Insurance Corporation of India's Employees' Group Leave Encashment cum Life Assurance [Cash Accumulation] Scheme. The employees of the company are entitled to leave as per the leave policy of the company. The liability on account of accumulated leave as on last day of the accounting year is recognised [net of the fair value of plan assets as at the balance sheet date] at present value of the defined obligation at the balance sheet date based on the actuarial valuation carried out by an independent actuary using projected unit credit method.

Gratuity [Defined benefit plan]:

The Company has a defined benefit gratuity plan. Every employee who has completed continuous services of five years or more gets a gratuity on death or resignation or retirement at 15 days salary [last drawn salary] for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

	INR- Thousands					
	As at					
	March 31, 2017			March 31, 2016		
	Med. Leave	Leave Wages	Gratuity	Med. Leave	Leave Wages	Gratuity
B Change in the present value						
Opening obligation	102	3,313	2,797	25	3,079	1,756
Interest cost	8	250	212	2	235	137
Current service cost	18	310	608	6	362	518
Benefits paid	-	(160)	(147)	-	(586)	(256)
Past Service Cost	-	-	2,211	79	-	-
Actuarial [gains]/ losses on obligation	19	1,151	772	(10)	223	642
Closing obligation	147	4,864	6,453	102	3,313	2,797
C Change in the fair value of plan assets:						
Opening fair value of plan assets	-	-	3,520	-	-	3,464
Interest Income	-	-	295	-	-	307
Contributions by employer	-	-	1,245	-	-	60
Benefits paid	-	-	(147)	-	-	(256)
Return on plan assets excluding amounts included in interest income	-	-	58	-	-	(55)
Closing fair value of plan assets	-	-	4,971	-	-	3,520
Total actuarial [losses]/ gains to be recognised	(19)	(1,151)	(714)	10	(223)	(697)
D Actual return on plan assets:						
Interest Income	-	-	295	-	-	307
Actuarial [losses]/ gains on plan assets	-	-	58	-	-	(55)
Actual return on plan assets	-	-	353	-	-	252
E Amount recognised in the balance sheet:						
Liabilities/ [Assets] at the end of the year	147	4,864	6,453	102	3,313	2,797
Fair value of plan assets at the end of the year	-	-	(4,971)	-	-	(3,520)
Difference	147	4,864	1,482	102	3,313	(723)
Liabilities/ [Assets] recognised in the Balance Sheet	147	4,864	1,482	102	3,313	(723)
F Expenses/ [Incomes] recognised in the Statement of Profit and Loss:						
Current service cost	18	310	608	6	362	518
Interest cost on benefit obligation	8	250	212	2	235	137
Interest Income on plan assets	-	-	(295)	-	-	(307)
Past Service Cost	-	-	2,211	-	-	-
Net actuarial [gains]/ losses in the year	19	1,151	714	(10)	223	-
Amount included in "Employee Benefit Expense"	45	1,711	3,450	(2)	820	348



ZYDUS TECHNOLOGIES LIMITED
Notes to the Financial Statements

Note: 16-Provisions-Continued:

G Movement in net liabilities

recognised in Balance Sheet:

Opening net liabilities	23	3,313	(723)	25	3,079	(1,708)
Expenses as above [P & L Charge]	45	1,711	3,450	(2)	820	348
Employer's contribution	-	(160)	(1,959)	-	(586)	637
Benefits Paid	-	-	-	-	-	-
Net actuarial [gains]/ losses in the year	-	-	714	-	-	-
Liabilities/ [Assets] recognised in the Balance Sheet	68	4,864	1,482	23	3,313	(723)

H Principal actuarial assumptions for defined benefit plan and long term employment benefit plan:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Discount rate [%]	6.95%	8.10%	7.80%
Annual increase in salary cost [#]	12% for 1st 4 years, 9% thereafter	12% for 1st 5 years, 9% thereafter	7.50% for all years

[\$] The rate of discount is considered based on market yield on Government Bonds having currency and terms in consistence with the currency and terms of the post employment benefit obligations.

[#] The estimates of future salary increases are considered in actuarial valuation, taking into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

	As at					
	March 31, 2017		March 31, 2016		March 31, 2015	
	Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
I The categories of plan assets as a % of total plan assets are:						
Insurance plan	0.00%	0.00%	99.00%	0.00%	0.00%	100.00%

J Amount recognised in current and previous four years:

	As at March 31					
	2017	2016	2015	2014	2013	2012
Gratuity:						
Defined benefit obligation	6,453	2,797	1,756	2,448	2,016	2,016
Fair value of Plan Assets	4,971	3,520	3,464	3,367	3,514	3,514
Deficit/ [Surplus] in the plan	1,482	(723)	(1,708)	(919)	(1,488)	(1,488)
Actuarial Loss/ [Gain] on Plan Obligation	772	642	(1,456)	(17)	(3)	(3)
Actuarial Loss/ [Gain] on Plan Assets	-	-	(86)	(29)	(10)	(10)

The expected contributions for Defined Benefit Plan for the next financial year will be in line with FY 2016-17.

The Average duration of the Defined Benefit Plan obligation at the end of reporting period is 29.36 years [As at March 31, 2016: 28.07 years]

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption as is as shown below:

Assumptions	INR- Thousands					
	Medical Leave		Leave Wages		Gratuity	
	As at March 31					
	2017	2016	2017	2016	2017	2016
Impact on obligation:						
Discount rate increase by 0.5%	141	97	4,733	3,225	6,225	2,705
Discount rate decrease by 0.5%	156	109	5,004	3,407	6,695	2,895
Annual salary cost increase by 0.5%	156	109	4,999	3,405	6,687	2,892
Annual salary cost decrease by 0.5%	141	97	4,736	3,226	6,230	2,706

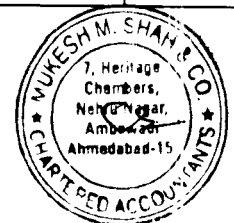
The following payments are expected contributions to the defined benefit plan in future years:

	INR-Thousands	
	As at March 31	
	2017	2016
Within the next 12 months [next annual reporting period]	746	359
Between 2 and 5 years	2,286	1,170
Between 5 and 10 years	1,727	899
Total expected payments	4,759	2,428

	INR- Thousands		
	As at		
	March 31, 2017	March 31, 2016	April 1, 2015

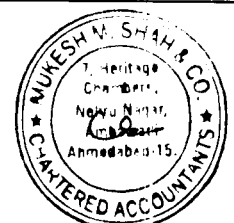
Note: 17-Trade Payables:

Micro, Small and Medium Enterprises [*]	191	-	-
Others	74,663	67,925	67,572
Total	74,854	67,925	67,572



ZYDUS TECHNOLOGIES LIMITED
Notes to the Financial Statements

	INR- Thousands		
	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Note: 17-Trade Payables-Continued:			
[*] Disclosure in respect of Micro, Small and Medium Enterprises:			
A Principal amount remaining unpaid to any supplier as at year end			
B Interest due thereon	-	-	-
C Amount of interest paid by the Company in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-	-
D Amount of interest due and payable for the year of delay in making payment [which have been paid but beyond the appointed day during the year] but without adding the interest specified under the MSMED Act	-	-	-
E Amount of interest accrued and remaining unpaid at the end of the accounting year	-	-	-
F Amount of further interest remaining due and payable in succeeding years	-	-	-
The above information has been compiled in respect of parties to the extent to which they could be identified as Micro, Small and Medium Enterprises on the basis of information available with the Company.			
Note: 18-Other Financial Liabilities:			
Current Maturities of Long Term Debt [Refer Note- 14]	-	1,649,500	261,220
Interest accrued but not due on borrowings	91,563	75,470	83,808
Total	91,563	1,724,970	345,028
Note: 19-Other Current Liabilities:			
Payable to Statutory Authorities	17,085	13,703	10,923
Others	10,255	35,659	4,331
Total	27,340	49,362	15,254
Note: 20-Provisions:			
Provision for Employee Benefits	2,044	902	130
Total	2,044	902	130
Note: 21-Current Tax Liabilities [Net]:			
Provision for Taxation [Net of advance payment of tax of Rs. 154 thousands {as at March 31, 2016: Rs. 1022 (as at April 1, 2015: Rs. Nil)} Thousands]	19	7	-
Total	19	7	-
Note: 22-Contingent Liabilities and Commitments [to the extent not provided for]:			
A Contingent Liabilities:			
Service Tax Refund claim Demand By Principal Commissioner of Service tax	2,895	-	-
B Commitments:			
a Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of Advances]	120,591	54,836	21,455
			INR- Thousands
			Year ended March 31
			2017
			2016
Note: 23 - Employee Benefits Expense:			
Salaries and wages	121	127	
Contribution to provident and other funds [*]	7	12	
Staff Welfare Expenses	82	-	
	210	139	
[*] The Company's contribution towards the defined contribution plan	7	12	
The Company makes Provident Fund contributions to defined contribution retirement benefit plans for qualifying employees, as specified under the law. The contributions are paid to the Provident Fund Trust set up by the Company or to the respective Regional Provident Fund Commissioner under the Pension Scheme. The Company is generally liable for annual contribution and any shortfall in the trust fund assets based on the government specified minimum rate of return and recognises such contribution and shortfall, if any, as an expense in the year it is incurred.			
Note: 24- Finance Cost:			
Interest expense - term loans	1,179	1,051	
	1,179	1,051	



ZYDUS TECHNOLOGIES LIMITED
Notes to the Financial Statements

	INR- Thousands	
	Year ended March 31	
	2017	2016
Note: 25 - Other Expenses:		
Legal & Professional Expenses	824	1,191
Payment to Auditors [*]	314	319
	1,138	1,510
[*] Payment to the auditors as [Excluding Service Tax]:		
i Auditor	250	235
ii For other services	64	75
iii Total	314	310

Note: 26-Calculation of Earnings per Equity Share [EPS]:

The numerators and denominators used to calculate the basic and diluted EPS are as follows:			
A Loss after tax	INR	(2,654)	(2,754)
B Basic and weighted average number of Equity shares outstanding during the year	Numbers	50,000,000	50,000,000
C Effect of dilution - Optionally Convertible Non-cumulative Redeemable Preference Shares		9,000,000	9,000,000
D Weighted average number of Equity shares adjusted for the effect of dilution		59,000,000	59,000,000
E Nominal value of equity share	INR	10.00	10.00
F Basic EPS	INR	(0.05)	(0.06)
G Diluted EPS		(0.04)	(0.05)

Note: 27-Related Party Transactions:

A Name of the Related Party and Nature of the Related Party Relationship:

a Holding Company:

Cadila Healthcare Limited

b Fellow Subsidiaries/ Concerns:

Alidac Healthcare (Myanmar) Limited [Myanmar]	Hercon Pharmaceuticals LLC [USA]
Alidac Pharmaceuticals Limited	Laboratorios Combix S.L. [Spain]
Biochem Pharmaceutical Industries Limited	Nesher Pharmaceuticals (USA) LLC [USA]
Bremer Pharma GmbH [Germany]	Script Management Services (Pty) Ltd [South Africa]
Dialforhealth Greencross Limited	Sentynl Therapeutics Inc. [USA]
Dialforhealth India Limited	Simayla Pharmaceuticals (Pty) Ltd [South Africa]
Dialforhealth Unity Limited	Zydus Discovery DMCC [Dubai]
Liva Pharmaceuticals Limited	Zydus France, SAS [France]
M/s. Zydus Wellness-Sikkim, a Partnership Firm	Zydus Healthcare (USA) LLC [USA]
ZAHL B.V. [the Netherlands]	Zydus Healthcare S.A. (Pty) Ltd [South Africa]
ZAHL Europe B.V. [the Netherlands]	Zydus Nikkho Farmaceutica Ltda. [Brazil]
Zydus Healthcare Limited	Zydus Noveltech Inc. [USA]
Zydus Healthcare Philippines Inc. [Philippines]	Zydus Pharmaceuticals (USA) Inc. [USA]
Zydus International Private Limited [Ireland]	Zydus Pharmaceuticals Mexico SA De CV [Mexico]
Zydus Lanka (Private) Limited [Sri Lanka]	Zydus Pharmaceuticals Mexico Services Company SA De C.V.[Mexico]
Zydus Netherlands B.V. [the Netherlands]	Zydus Worldwide DMCC [Dubai]
Etna Biotech S.R.L. [Italy]	Zydus Wellness Limited

c Directors and their relatives:

Dr. Sharvil P. Patel	Director	Dr. Sharad Kumar Govil	Director
Shri Ganesh Nayak	Director	Shri Rajib Baidya	Whole Time Director
Shri Sandip D. Patel	Executive Officer [Chief Financial Officer]	Shri Gunvant K. Barot	Independent Director
Ms.Dishita Shah	Executive Officer [Company Secretary]	Shri Kshitish Madanmohan Shah	Independent Director

d Enterprises significantly influenced by Directors and/or their relatives:

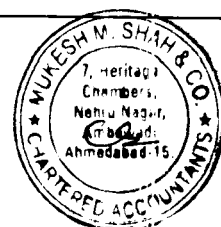
Zydus Infrastructure Private Limited

B Transactions with Related Parties:

The following transactions were carried out with the related parties in the ordinary course of business and at arm's length terms:

a Details relating to parties referred to in items 27- A[a, b & d]

Nature of Transactions	Value of the Transactions [INR] Thousands				Enterprises significantly influenced by Directors and/or their relatives	
	Holding Company		Fellow subsidiaries		2017	2016
	2017	2016	2017	2016		
Purchases:						
Goods:						
Cadila Healthcare Limited	9,200	4,160	-	-	-	-
Hercon Pharmaceutical Inc.	-	-	275	509	-	-
Total	9,200	4,160	275	509	-	-



ZYDUS TECHNOLOGIES LIMITED
Notes to the Financial Statements

Note: 27-Related Party Transactions-Continued:

Nature of Transactions	Value of the Transactions [INR] Thousands					
	Holding Company		Fellow subsidiaries Year ended March 31		Enterprises significantly influenced by Directors and/or their relatives	
Property, Plant and Equipment:						
Cadila Healthcare Limited	10					
Services:						
Cadila Healthcare Limited	26,787	54,408				
Zydus Noveltech Inc.			91,062	149,891		
Zydus Infrastructure Private Limited					2,053	1,770
Hercon Pharmaceutical Inc.			155,719	113,962		
Total	26,787	54,408	246,781	263,853	2,053	1,770
Sales:						
Services:						
Hercon Pharmaceutical Inc.				1,997		
Finance:						
Inter Corporate Loans accepted:						
Cadila Healthcare Limited	1,060,500	1,065,000				
Interest on Loan :						
Cadila Healthcare Limited	386,424	294,890				
			As at March 31			
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Outstanding:						
Payable :						
Cadila Healthcare Limited	4,130,853	3,054,442	1,964,701			
Hercon Pharmaceutical Inc.				29,403	29,071	34,862
Zydus Noveltech Inc.				27,516	34,780	25,837
Total	4,130,853	3,054,442	1,964,701	56,919	63,851	60,699
				INR- Thousands		
				Year ended March 31		
				2017	2016	

b Details relating to persons referred to in item 27- A[c] above:

Remuneration:

(i) Salaries and other employee benefits Whole Time Director & other executive officers	10,085	7,736
(ii) Sitting Fees to Chairman & Non Executive/ Independent Directors	125	-
(iii) Outstanding payable to above (i) and (ii)	4,160	2,360

Note: 28-Financial Instruments:

A Fair values hierarchy:

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices [unadjusted] in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Financial Assets:

The carrying amounts of loans and advances, other financial assets and cash and cash equivalents are considered to be the approximately equal to the fair values.

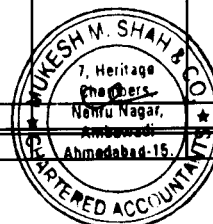
Financial Liabilities:

Fair values of loans from banks, other financial liabilities and trade payables are considered to be approximately equal to the carrying values.

Note: 29-Financial Risk Management:

A Financial instruments by category:

	INR- Thousands			
	As at March 31, 2017			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Non Current Other Financial Assets			1,847	1,847
Other Non-Current Assets			3,133	3,133
Cash and Cash Equivalents			4,807	4,807
Current Loans			653	653
Other Current Financial Assets			165	165
Total			10,605	10,605
Financial liabilities:				
Borrowings [including current maturities and interest accrued but not due]			6,319,361	6,319,361
Non Current Other Financial Liabilities			1,139	1,139
Trade payables			74,854	74,854
Other Current Financial Liabilities			91,563	91,563
Total			6,486,917	6,486,917



ZYDUS TECHNOLOGIES LIMITED
Notes to the Financial Statements

Note: 29-Financial Risk Management:-Continued:

	INR- Thousands			
	As at March 31, 2016			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Non Current Other Financial Assets			1,847	1,847
Other Non-Current Assets			28,663	28,663
Cash and Cash Equivalents			6,888	6,888
Current Loans			108	108
Other Current Financial Assets			165	165
Total			37,671	37,671
Financial liabilities:				
Borrowings [including current maturities and interest accrued but not due]			3,640,666	3,640,666
Non Current Other Financial Liabilities			924	924
Trade payables			67,925	67,925
Other Current Financial Liabilities			1,724,970	1,724,970
Total			5,434,484	5,434,484
	As at April 1, 2015			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Non Current Other Financial Assets			1,847	1,847
Other Non-Current Assets			57,162	57,162
Cash and Cash Equivalents			2,790	2,790
Current Loans			2,808	2,808
Other Current Financial Assets			141	141
Total			64,748	64,749
Financial liabilities:				
Borrowings [including current maturities and interest accrued but not due]			3,991,844	3,991,844
Non Current Other Financial Liabilities			924	924
Trade payables			67,572	67,572
Other Current Financial Liabilities			345,028	345,028
Total			4,405,368	4,405,368

B Risk Management:

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

The Company's risk management is managed in close coordination with the board of directors and focuses on actively securing the Company's short, medium and long term cash flows by minimizing the exposure to volatile financial markets.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below:

a Credit risk:

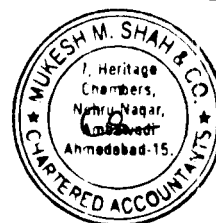
Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. The company is exposed to credit risk from loans and other financial assets. The Company periodically assesses the financial reliability of the counter party taking into account the financial condition, current economic trends, analysis of historical records.

b Liquidity risk:

- a Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due.
- b Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet its obligations.

Maturities of financial liabilities:

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.



ZYDUS TECHNOLOGIES LIMITED
Notes to the Financial Statements

Note: 29-Financial Risk Management:-Continued:

	INR- Thousands				
	< 1 year	1-2 year	2-3 year	> 3 years	Total
As at March 31, 2017					
Non-derivative financial liabilities:					
Borrowings (including current maturities and interest)	540,095	2,949,153	3,050,908	734,395	7,274,551
Trade payable	74,854	-	-	-	74,854
Other Current Financial Liabilities	91,563	-	-	-	91,563
Total	706,512	2,949,153	3,050,908	734,395	7,440,969
As at March 31, 2016					
Non-derivative financial liabilities:					
Borrowings (including current maturities and interest)	2,022,141	181,600	2,147,313	1,518,789	5,869,842
Trade payable	67,925	-	-	-	67,925
Other Current Financial Liabilities	1,724,970	-	-	-	1,724,970
Total	3,815,035	181,600	2,147,313	1,518,789	7,662,736
As at April 1, 2015					
Non-derivative financial liabilities:					
Borrowings (including current maturities and interest)	1,259,566	1,260,012	51,664	2,175,096	4,746,338
Trade payable	67,572	-	-	-	67,572
Other Current Financial Liabilities	345,028	-	-	-	345,028
Total	1,672,166	1,260,012	51,664	2,175,096	5,158,938

c Foreign currency risk:

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar and Euro. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Company's functional currency.

Sensitivity:

The sensitivity of profit or loss and equity to changes in the exchange rates arises mainly from foreign currency denominated financial instruments:

	INR- Thousands					
	March 31, 2017			March 31, 2016		
	Movement in Rate	Impact on Balancesheet [*]	Impact on Other Equity [*]	Movement in Rate	Impact on Balancesheet [*]	Impact on Other Equity [*]
USD	4.00%	89,910	-	5.00%	115,410	-
USD	-4.00%	(89,910)	-	-5.00%	(115,410)	-
EUR	8.00%	25	-	12.00%	-	-
EUR	-8.00%	(25)	-	-12.00%	-	-

* Holding all other variables constant

d Interest rate risk:

Liabilities:

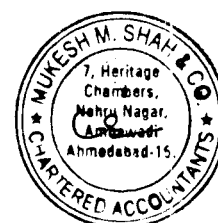
The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at 31 March 31, 2017, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates.

Sensitivity *:

Below is the sensitivity of profit or loss and equity changes in interest rates:

	Movement in Rate	INR- Thousands	
		As at	
		March 31, 2017	March 31, 2016
Interest rates	+0.50%	31,139	26,073
Interest rates	-0.50%	(31,139)	(26,073)

* Holding all other variables constant



ZYDUS TECHNOLOGIES LIMITED
Notes to the Financial Statements

Note: 30-Capital Management:

The Company's capital management objectives are:

- a to ensure the Company's ability to continue as a going concern
- b to provide an adequate return to shareholders
- c maintain an optimal capital structure to reduce the cost of capital.

	INR- Thousands		
	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Net debts	6,227,798	3,565,196	3,908,036
Total equity	590,000	590,000	590,000
Net debt to equity ratio [No. of times]	10.56	6.04	6.62

Loan covenants:

Under the terms of the major borrowing facilities, the Holding Company is required to comply with the following financial covenants, based on its Consolidated financial information:

- Total Debt to Equity must be less than 2:1.

This is in line with the Company's covenants as agreed with external Lenders.

Note: 31- First Time Adoption of Ind AS:

The accounting policies set out in the note here have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet at April 1, 2015 [the Company's date of transition]. In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies [Accounting Standards] Rules, 2006 [as amended] and other relevant provisions of the Act [Indian GAAP]. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following notes.

Exemptions and exceptions availed:

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from Indian GAAP to Ind AS.

A Deemed cost:

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for consequential impacts of applying standards other than that of property, plant and equipment. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying values.

B Leases:

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Company has elected to apply this exemption for such contracts/ arrangements.

C Estimates:

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP [after adjustments to reflect any difference in accounting policies], unless there is objective evidence that those estimates were in error.

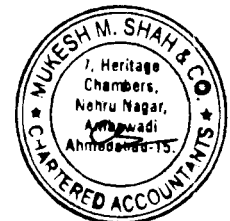
Ind AS estimates as at April 1, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP.

D Classification of financial assets:

As per the requirements of Ind AS 101 the Company has assessed classification of financial assets on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

F De-recognition of financial assets and liabilities:

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of entity's choosing; provided that the information needed to apply Ind AS 109 to financial assets or financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The Company has elected to apply the de-recognition provision of Ind AS 109 prospectively from the date of transition to Ind AS.



ZYDUS TECHNOLOGIES LIMITED
Notes to the Financial Statements

Note: 32- Reconciliation with Indian GAAP [IGAAP]:

	INR-Thousands	
	As at	
	March 31, 2016	April 1, 2015
A Reconciliation of equity:		
Equity as per IGAAP	590,000	590,000
Equity as per Ind AS	590,000	590,000
B Reconciliation of Net Profit for the year ended March 31, 2016:		
Net Loss as per IGAAP	2,754	-
Total	(2,754)	-
Net Loss after tax as per Ind AS	(2,754)	-
Total Comprehensive Income as per Ind AS	(2,754)	-
C Statement of Cash Flows:		
The transition from IGAAP to Ind AS has not had a material impact on the statement of cash flows.		

Note: 33-Tax Expenses:

The major components of income tax expense are:

A Statement of profit and loss:

Profit or loss section:

Current income tax:

Current income tax charge

119 54

Tax expense reported in the statement of profit and loss

119 54

OCI Section:

Tax related to items recognised in OCI during in the year:

Net loss/ (gain) on remeasurements of defined benefit plans

Tax charged to OCI

119 54

-

B Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate:

Loss before tax

Enacted Tax Rate in India (%)

Adjustments for:

Permanent difference:

- Interest income credited to Pre-operative & project exp. considered as taxable in the Return of Income

Total

(2,654) (2,754)
30.90% 30.90%

397 174

Tax Expenses as per Statement of Profit and Loss

119 54

Note: 34

The CODM reviews the company as a single segment, namely " development of Novel Drug Delivery System in non oral dosage forms". Therefore, the segment reporting is not required.

Signatures to Significant Accounting Policies and Notes 1 to 34 to the Financial Statements

As per our report of even date

For and on behalf of the Board

For Mukesh M. Shah & Co.,

Chartered Accountants

Firm Registration Number: 106625W

7, Heritage Chambers,

Nehru Nagar,

Ambawadi,

Ahmedabad-15

Membership Number: 042502

Ahmedabad, Dated:

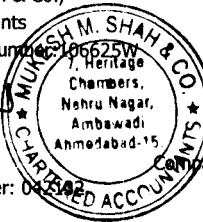
C.S. Shah

Chandresh S. Shah

Partner

Membership Number: 042502

Ahmedabad, Dated:



Dishita Shah

Dishita Shah

Company Secretary

S.D. Patel

Sandip D. Patel

Chief Financial Officer

Rajib Baidya

Rajib Baidya

Whole Time Director

Sharvil P. Patel

Sharvil P. Patel

Chairman

Zydus Technologies Limited
Cash Flow Statement for the year ended on March 31, 2017

Particulars	INR- Thousands	
	Year Ended March,31	
	2017	2016
A Cash flows from operating activities:		
Loss Before Tax	(2,527)	(2,700)
Adjustments for:		
Interest expenses	1,179	1,051
Operating profit before working capital changes	(1,348)	(1,649)
Adjustments for:		
[Increase]/ Decrease in Loans	(6,803)	1,535
[Increase]/ Decrease in other non current assets	26,284	29,611
[Increase]/ Decrease in other current assets	3,863	(2,279)
Increase/ [Decrease] in trade payables	4,691	(259)
Increase/ [Decrease] in other current liabilities	(22,022)	34,108
Increase/ [Decrease] in provisions	3,098	313
Increase/ [Decrease] in other financial liabilities	214	-
Total	9,325	63,029
Cash generated from operations	7,977	61,380
Direct taxes paid [Net of refunds]	(138)	(40)
Net cash from operating activities	7,839	61,340
B Cash flows from investing activities:		
Purchase of Property, Plant and Equipment	(3,368)	(951)
Capital work-in-progress	(1,469,990)	(1,454,319)
Sale of Property, Plant and Equipment	-	648
Net cash used in investing activities	(1,473,358)	(1,454,622)
C Cash flows from financing activities:		
Proceeds from non current Borrowings	1,013,102	1,045,440
Interest paid	450,336	351,940
Net cash used in financing activities	1,463,438	1,397,380
Net increase/(-) decrease in cash and cash equivalents	(2,081)	4,098
Cash and cash equivalents at the beginning of the period	6,888	2,790
Cash and cash equivalents at the close of the period	4,807	6,888

Notes to the cash flow statement

- 1 All figures in brackets are outflows.
- 2 Previous year's figures have been regrouped wherever necessary.
- 3 Cash and cash equivalent at the close [beginning] of the reporting period includes Rs. Nil [Rs.1] thousands not available for immediate use.
- 4 Cash and cash equivalents comprise of:

	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
a Cash on Hand	40	18	23
b Balances with Banks	4,767	6,870	2,767
c Total	4,807	6,888	2,790

As per our report of even date

For Mukesh M. Shah & Co.

Chartered Accountants

Firm Registration Number: 106675W

Chambers,

Nehru Nagar,

Ambawadi,

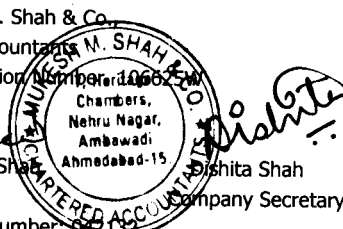
Ahmedabad-15.

Chandresh S. Shah

Partner

Membership Number: 022132

Ahmedabad, Dated:



S. D. Patel

Sandip D. Patel
Chief Financial Officer

Rajib Baidya
Whole Time Director

Shaivil P. Patel
Chairman