ZYDUS HEALTHCARE LIMITED
[CIN U51900GJ1989PLC079501]
Regd. Office: “Zydus Tower”, Satellite Cross Roads, Sarkhej-Gandhinagar Highway,
Ahmedabad - 380 015

Notice

Notice is hereby given that the **Twenty Ninth** Annual General Meeting of the members of the Company will be held on Thursday, the August 9, 2018 at 9:30 a.m. at the Registered Office of the Company at Zydus Tower, Satellite Cross Roads, Sarkhej Gandhinagar Highway, Ahmedabad – 380 015, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended on March 31, 2018 and the Reports of the Directors and Auditors thereon.

2. To declare dividend on 2,54,460, 8%, Non-Cumulative Redeemable Preference Shareholders of Rs.100/- each for a period beginning from April 1, 2017 to February 15, 2018.

3. To declare dividend on 12,36,50,000, 8%, Optionally Convertible Non-Cumulative Redeemable Preference Shareholders of Rs.100/- each for the Financial Year ended on March 31, 2018.

4. To declare dividend to the equity shareholders for the financial year ended on March 31, 2018.

5. To appoint a Director in place of Dr. Sharvil P. Patel [DIN 00131995], who retires by rotation and being eligible offers himself for re-appointment.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

   “RESOLVED THAT pursuant to the provisions of sections 149, 150 and 152 read with Schedule IV of the Companies Act, 2013 and the Companies [Appointment and Qualifications of Directors] Rules, 2014 [including any statutory modification(s) or re-enactment thereof for the time being in force], Ms. Dharmishta N. Raval [DIN 02792246], who was appointed as an Additional Director pursuant to provisions of section 161[1] of the Companies Act, 2013 and whose term of office expires at this Annual General Meeting be and is hereby appointed as an Independent Director [Non-Executive] of the Company for a period of five years upto the Annual General Meeting of financial year 2022.”

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** pursuant to provisions of section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies [Audit and Auditors] Rules, 2014 [including any statutory modification(s) or re-enactment thereof for the time being in force], the Company hereby ratifies the remuneration of Rs. 6.50 Lakhs plus applicable Goods and Service Tax [GST] and out of pocket expenses for the Financial Year ending on March 31, 2019 to M/s. Dalwadi & Associates, Cost Accountants [Firm Registration No. 000338] , who were appointed as Cost Auditors to conduct the audit of cost records pertaining to Drugs and Pharmaceutical products manufactured by the Company for the financial year ending on March 31, 2019.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, things and take such actions as may be necessary, expedient and proper to give effect to this resolution."

By order of the Board of Directors

Place: Ahmedabad
Date: May 22, 2018

Sanjay Kumar Gupta
Company Secretary

NOTES:

1. The Explanatory Statements, pursuant to the provisions of section 102 of the Companies Act, 2013 and rules made thereunder, in respect of the businesses under Item No. 6 and 7 of the Notice are annexed hereto.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF, ON A POLL ONLY AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY**. A person can act as proxy on behalf of members not exceeding 50 [fifty] and holding in the aggregate not more than 10% of the total share capital of the Company.

   The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxy form submitted on behalf of the Companies, Societies, etc. must be supported by an appropriate resolution / authority, as applicable.

Explanatory Statements pursuant to section 102[1] of the Companies Act, 2013:

The following statement sets out all material facts relating to Ordinary / Special Businesses mentioned in the accompanying Notice.

In respect of Item No 6:

In compliance with the Regulation 24 of the SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015 [the Listing Regulations] as amended from time to time which provides that at least one Independent Director on the Board of Directors of the listed entity shall be a Director on the Board of Directors of an unlisted material subsidiary incorporated in India, Ms. Dharmishta N. Raval [DIN 02792246] was appointed as an Additional Director on the Board of the Company with effect from November 8, 2017 nominated by Cadila Healthcare Limited [CHL], a Holding Company as an Independent Director on the Board of the Company.

Ms. Dharmishta N. Raval, aged 61 years, an eminent lawyer, is a science graduate and Master of Laws. She is an Advocate of the Gujarat Bar Association since 1980. She has worked extensively with late Mr. Kirit N. Raval, former Solicitor General of India. She had exposure in the matters of various laws, such as Banking Laws, Financial Institutions, Company Law, Labour Laws and Income Tax Laws. She had also worked as an Executive Director in SEBI till May 2003 and since then she has started her own practice as an Advocate at Gujarat High Court. She is associated with Raval & Raval, Advocates.

In terms of section 149 and other applicable provisions of the Companies Act, 2013 [hereinafter referred to as the Act], Ms. Dharmishta N. Raval is proposed to be appointed as an Independent Director for five consecutive years on the Board of the Company to hold for a period of five years i.e. upto the Annual General Meeting of financial year 2022.
Ms. Dharmishta N. Raval is not disqualified from being appointed as Director in terms of section 164 of the Act and has given her consent to act as Director. The Company has received a declaration from Ms. Dharmishta N. Raval that she meets with criteria of independence as prescribed under section 149[6] of the Act. Ms. Dharmishta N. Raval possesses appropriate skills, expertise and knowledge in the field of Legal and other matters.

The Board considers that her continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Ms. Dharmishta N. Raval.

The Board recommends the resolution to the members for approval by way of an Ordinary Resolution for the appointment of Ms. Dharmishta N. Raval as an Independent Director of the Company.

Save and except Ms. Dharmishta N. Raval, none of the Directors, Key Managerial Personnel [KMP] of the Company and their relatives is concerned or interested, financially or otherwise in the resolution set out at Item No. 6.

In respect of item No. 7:

The Board of Directors after considering the recommendations of Audit Committee, appointed M/s. Dalwadi & Associates., Cost Accountants as the Cost Auditors to carry out the audit of cost records of the Company for the financial year ending on March 31, 2019 and decided a remuneration of Rs. 6.50 Lakhs plus applicable GST and out of pocket expenses.

As per the provisions of section 148 of the Companies Act, 2013 read with the Companies [Audit and Auditors] Rules, 2014, the remuneration to the cost auditors fixed by the Board of Directors shall be ratified by the members by passing an Ordinary Resolution.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out in Item No. 7 of the Notice for ratification of remuneration payable to the Cost Auditors for the Financial Year ending on March 31, 2019.

None of the Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the Notice.

Your Directors recommend the passing of ordinary resolution as set out at Item No. 7 of the Notice for approval by the members.

By order of the Board of Directors

Sanjay Kumar Gupta
Company Secretary

Place: Ahmedabad
Date: May 22, 2018

ATTENDANCE SLIP

ZYDUS HEALTHCARE LIMITED
[CIN:U51900GJ1989PLC079501]
Regd. Office: "Zydus Tower", Satellite Cross Roads, Ahmedabad – 380 015
Phone: +91 268 68 100 [20 Lines] Fax +91 268 62 365

ATTENDANCE SLIP

TWENTY NINTH ANNUAL GENERAL MEETING

I/We hereby record my/our presence at the Twenty Ninth Annual General Meeting of the Company at Zydus Tower, Satellite Cross Roads, Sarkhej Gandhinagar Highway, Ahmedabad – 380 015 on Thursday, August 9, 2018 at 9:30 a.m..

....	....	....
Member's Folio No.	Member's/Proxy's name in Block	Member's/Proxy's Signature

Note:

1. Please complete the Folio No. and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING HALL.
2. Physical copy of the Annual Report for 2018 and Notice of the Annual General Meeting along with Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members.

ZYDUS HEALTHCARE LIMITED

PROXY FORM

[CIN:U51900GJ1989PLC079501]

Regd. Office: “Zydus Tower”, Satellite Cross Roads, Ahmedabad – 380 015

Phone: +91 268 68 100 [20 Lines] Fax +91 268 62 365

Name of the member (s): Registered address: E-mail Id: Folio No.

I/We being the member(s) holding …………. shares of the above named Company hereby appoint:

(1) Name:……………………………………………
Address:…………………………………………………………………………………………………

E-mail ID:……………………………………………………………… Signature:…………………………………or falling him/her;

(2) Name:……………………………………………
Address:…………………………………………………………………………………………………

E-mail ID:……………………………………………………………… Signature:…………………………………or falling him/her;

(3) Name:……………………………………………
Address:…………………………………………………………………………………………………

E-mail ID:……………………………………………………………… Signature:…………………………………;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Ninth Annual General Meeting of the Company, to be held on Thursday, August 9, 2018 at 9:30 a.m. at Zydus Tower, Satellite Cross Roads, Sarkhej Gandhinagar Highway, Ahmedabad – 380 015 and at any adjournment thereof.

Signed this …………. day of ………………………… 2018

Signature of shareholder ……………………………………

Signature of Proxy holder(s) ………………………………

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the Twenty Ninth Annual General Meeting.

3. It is optional to put a ‘X’ in the appropriate column against the Resolutions indicated in the Box. If you leave the ‘For’ or ‘Against’ column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

4. Please complete all details including details of member(s) in above box before submission.

ZYDUS HEALTHCARE LIMITED
Regd. Office: "Zydus Tower", Satellite Cross Roads, Sarkhej-Gandhinagar Highway,
Ahmedabad-380 015.
Phone No.: 079 – 26868100 [20 lines] Fax No.: 079 – 26868337
CIN No.: U51900GJ1989PLC079501

Directors' Report to the Members:

Your Directors have pleasure in presenting the **Twenty Ninth** Annual Report and the Audited Financial Statements for the year ended on March 31, 2018.

Financial results:

INR - Millions

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Net Revenue from Operations and other Income	30,115	29,341
Profit before Finance Costs, Depreciation, Impairment and Amortization and Tax Expenses (PBIDT)	7,631	7,226
Less: Depreciation, Impairment and Amortization	5,533	5,022
Profit Before Finance Costs and Tax Expenses (PBIT)	2,098	2,204
Less: Finance Costs	33	319
Profit Before Taxation	**2,065**	**1,885**
Less: Tax Expenses		
Current Tax	454	419
Deferred Tax	757	458
Prior Period Tax Adjustments	(46)	-
Profit After Tax [PAT]	**900**	**1,008**
Other Comprehensive Income	(19)	(78)
Total Comprehensive Income	**881**	**930**
Dividend:		
Interim - FY 2016-17	-	3,001.39
Interim - FY 2015-16	-	-
Final - FY 2014-15	-	-
Corporate Dividend Tax on Interim Dividend (net of CDT Credit)		
Interim - FY 2016-17	-	611.01
Interim - FY 2015-16	-	-
Final - FY 2014-15	-	-
Closing Balance in Retained Earnings	**1691**	**872**
Earnings Per Share [EPS] [Face Value of shares of Re. 100/- each]		
Basic	(136.31)	437.92
Diluted	338.55	451.12

Incorporation of Violio Healthcare Limited:

During the year in under review, the Company has incorporated a new Company in the name of Violio Healthcare Limited, [Violio] having its registered office in Ahmedabad, which is a wholly-owned Subsidiary of the Company. The authorised and paid-up share capital of Violio is Rs.5.00 Lakhs divided into 50,000 Equity Shares of Rs.10/- each.

Acquisition of 100% shares of Acme Pharmaceuticals Private Limited:

During the year under review, the Company has acquired 100% shareholding of Acme Pharmaceuticals Private Limited [Acme]. With the acquisition, Acme has become a wholly-owned subsidiary of the Company.

Allotment of Shares pursuant to the Scheme of Amalgamation:

Pursuant to the approval of the National Company Law Tribunal, Bench, Ahmedabad, Gujarat, [NCLT] of the Scheme of Amalgamation of Biochem Pharmaceutical Industries Limited with the Company, the Board of Directors in their meeting held in May 26, 2017 issued and allotted 2,23,500 Equity Shares of Rs. 100/- each to the shareholders of erstwhile Biochem Pharmaceuticals Industries Limited as per the swap ratio mentioned in the Scheme.

Redemption of 8%, Non-Cumulative Redeemable Preference Shares:

During the year under review, your Directors have redeemed, 2,54,460, 8% Non-Cumulative Redeemable Preference Shares of Rs.100/- each of the face value of Rs.100/- [Rupees One Hundred Only] fully paid-up at par value, for an amount aggregating to Rs. 2,54,46,000/- [Rupees Two Crores Fifty Four Lakhs Forty Six Thousand only] with effect from February 15, 2018.

Results of Operations:

During the year under review, the Company has achieved Revenue from Operations of Rs. 30,115 Millions [previous year 29,314 millions]. The profit before tax is Rs. 2065 Millions [Previous Year - Rs. 1885 Millions] and the Profit after Tax is Rs. 900 Millions [Previous Year Rs. 1008 Millions]. The basic Earnings per Share is Rs. (136.31) [Previous Year Rs.437.92] and the diluted Earnings Per Share is Rs. 338.55 [Rs.451.12].

Recommendation of Dividend:

(i) 8% Preference Shareholders:

The Board of Directors has recommended the following Preference Dividend subject to approval of the shareholders at the ensuing Annual General Meeting:

[Rs. in Lakhs]

Sr. No.	Class of Preference Shareholders	No. of Shares	No. of Days	Amount of Dividend (including DDT)
1.	8% Non - Cumulative Redeemable Preference Share of the face value of Rs.100 each.	2,54,460	321	21.58
2.	8% Optionally Convertible Non-Cumulative Redeemable Preference shares of the face value of Rs.100 each.	1236,50,000	365	11925.20
	Total			**11946.78**

Equity Shareholders:

The Board of Directors has recommended a dividend of Rs.1075 per equity share of Rs. 100/- each [1075%] on 21,61,742 equity shares of Rs. 100/- each fully paid-up for the Financial Year ended on March 31, 2018 amounting to Rs. 28015.22 Lakhs (inclusive of Dividend Distribution Tax of Rs. 4776.49 Lakhs). The dividend, if declared, by the members at the ensuing Annual General Meeting (AGM), will be paid to those shareholders, whose names stand registered in the Register of Members on August 9, 2018.

Subsidiary Companies:

As provided in section 136 of the Act, the Balance Sheet, Statement of Profit and Loss and other documents of the Subsidiary Companies are not being attached with the Annual Report of the Company. The Company will make available free of cost the Audited Financial Statements of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The Financial Statements of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the office of the respective subsidiary Companies.

Related Party Transactions:

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and at an arm's length basis. There is no material transactions with related parties entered into by the Company during the year, required the disclosure of particulars thereof as provided under section 134[3][h] of the Act and Rules made thereunder.

Fixed Deposit:

During the year under review, the Company has not accepted any fixed deposit from the public.

Appointment / Retirement by rotation of Directors:

1. Appointment of Directors:

Ms. Dharmishta N. Raval was appointed as an Additional Independent Director on the Board of the Company and hold office of Director upto the ensuing Annual General Meeting. The Board recommends her appointment.

2. Retirement by Rotation:

In accordance with the provisions of section 152[6] of the Act, and in terms of the Articles of Association of the Company, Dr. Sharvil P. Patel, Director [DIN 00131995] will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

The Board recommends his re-appointment.

Key Managerial Personnel (KMP) of the Company:

As on March 31, 2018, the KMP of the Company are:

1.	Mr. Anil Matai	-	Managing Director
2.	Mr. P. A. Padmanabhan	-	Chief Financial Officer and
3.	Mr. Sanjay Kumar Gupta	-	Company Secretary

Board Evaluation:

Pursuant to the provisions of the Act and Rules made thereunder and as provided under Schedule IV of the Act, the Nomination and Remuneration Committee / Board has carried out the annual performance evaluation of itself, the Directors individually as well as the evaluation of its committees.

Directors' Responsibility Statement:

In terms of section 134[3][c] of the Act and to the best of their knowledge and belief, and according to the information and explanations provided to them, your Directors hereby make the following statements:

(a) that in preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;

(b) that such accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2018 and of the profits of the Company for the year ended on that date,

(c) that proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for prevention and detection of fraud and other irregularities,

(d) that the annual financial statements have been prepared on going concern basis,

(e) that proper internal financial controls were in place and that the financial controls were adequate and operating effectively, and

(f) that the systems to ensure compliance with the provisions of all applicable laws were in place and adequate and operating effectively.

Board Meetings:

During the year under review, 4 [Four] Board Meetings were convened and held on May 26, 2017, August 10, 2017, November 8, 2017 and February 2, 2018. The gap between two consecutive meetings was not more than one hundred and twenty days as provided in section 173 of the Companies Act, 2013.

Audit Committee:

As provided in section 177 of the Act, the Company has constituted an Audit Committee under the Chairmanship of Mr. Deevyesh J. Radia. The other members of the Committee are Mr. Nitin D. Parekh and Dr. Bhavana S. Doshi.

During the year under review, 4 [Four] Board Meetings were convened and held on May 26, 2017, August 10, 2017, November 8, 2017 and February 2, 2018.

Nomination and Remuneration Committee:

As provided in section 178 of the Act, the Company has constituted the Nomination and Remuneration Committee under the chairmanship of Mr. Deevyesh J. Radia. The other members of the Committee are Dr. Sharvil P. Patel, Mr. Nitin D. Parekh and Dr. Bhavana S. Doshi.

Auditors:

1. **Statutory Auditors and their Report:**

During the year under review, at the recommendations of the members of the Audit Committee and the Board of Directors, shareholders of the Company appointed M/s Deloitte Haskins & Sells LLP, Chartered Accountants, Firm Registration No. 117366/W/W-100018 as the Statutory Auditors of the Company for a period of five years, from the conclusion of the 28th Annual General Meeting till the conclusion of the 33rd Annual General Meeting to be held in the calendar year 2022.

The Statutory Auditors have also furnished a declaration confirming independence as well as their arm's length relationship with the Company.

Statutory Auditor's Reports:

The Audit Committee and the Board have duly reviewed the Auditor's Reports and the observations & comments, appearing in the report are self-explanatory and do not call for any further explanation/clarification by the Board in their Report as provided under section 134 of the Act.

2. **Cost Auditors:**

Pursuant to the provisions of section 148[3] of the Act read with Companies [Cost Records and Audit] Amendment Rules, 2014 as amended from time to time, the cost audit records maintained by the Company in respect of its pharmaceutical products is required to be audited by a Cost Auditor. The Board has, on the recommendation of Audit Committee, appointed M/s. Dalwadi & Associates, Cost Accountants [Firm Registration No. 000338] to audit the cost records of the Company for the financial year ending on March 31, 2019 on a remuneration of Rs. 6.50 Lakhs plus Goods and Service Tax [GST] as applicable and out of pocket expenses.

As required under the Act and the Rules made thereunder, the remuneration payable to the Cost Auditors is required to be placed before the Members at the ensuing Annual General Meeting for ratification. Accordingly, a resolution seeking ratification of the remuneration payable to M/s. Dalwadi & Associates, Cost Accountants by the members is included in the Notice convening the Twenty Ninth Annual General Meeting.

3. **Secretarial Auditor and Secretarial Audit Report:**

Pursuant to the provisions of section 204 of the Act and the Companies [Appointment and Remuneration of Managerial Personnel] Rules, 2014, the Board has appointed SPANJ & Associates, Company Secretaries, a firm of Company Secretaries in Whole-time Practice, to undertake Secretarial Audit for the financial year ended on March 31, 2018. The Secretarial Auditor's Report is attached herewith as **Annexure–A.** The Board has duly reviewed the Secretarial Auditor's Report.

The Board is of the opinion that the observations and comments, appearing in the report are self-explanatory and do not call for any further explanation / clarification by the Board of Directors in their Boards' Report as provided under section 134 of the Act.

Internal Control Systems and its Adequacy:

The Company has Internal Control Systems, commensurate with the size, scale and complexity of its operations. The Internal Audit team monitors and evaluates the efficacy and adequacy of Internal Control Systems in the Company, its compliances with operating systems, accounting procedures and policies within the Company. Based on the report of internal audit function, process owner undertake corrective action in their respective areas and hereby strengthen the controls. Observations and corrective actions thereon are presented to the Audit Committee from time to time.

Internal Financial Systems and its Adequacy:

The Company has designed and implemented a process driven framework for Internal Financial Controls [IFC] within the meaning of the explanation to section 134[5][e] of the Act. For the year ended on March 31, 2018, the Board is of the opinion that the Company has sound IFC commensurate with the size, scale and complexity of its business operations. The IFC operates effectively and no material weakness exists. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls whenever the effect of such gaps would have a material effect on the Company's operations.

Vigil Mechanism:

The Company has a vigil mechanism policy to deal with instances of fraud and mismanagement, if any.

Corporate Social Responsibility [CSR]:

Your Company being associated with Pharmaceutical business has contributed for healthcare, education and research in cancer as a part of initiative under "Corporate Social Responsibility" for the year under review. Pursuant to section 135 of the Act and the relevant rules, the Board has reconstituted the Corporate Social Responsibility [CSR] Committee of the Board under the Chairmanship of Dr. Sharvil P. Patel. The other members of the Committee are Mr. Anil Matai and Dr. Bhavana S. Doshi. The CSR Policy has been framed by CSR Committee. The details of the CSR activities as required under section 135 of the Act are given in the CSR Report as **Annexure - B**.

Reporting of Frauds:

There have been no instances of fraud reported by the Statutory Auditors under section 143 [12] of the Companies Act, 2013 and the Rules framed thereunder either to the Company or to the Central Government.

Disclosure as per the Sexual Harassment of Women at Workplace [Prevention, Prohibition and Redressal] Act, 2013:

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder.

The Company always endeavors to create and provide healthy work environment that is free from discrimination and harassment including sexual harassment. The Company has in place a robust policy on prevention of sexual harassment at workplace. The policy aims at prevention of harassment of employees as well as contractors and lays down the guidelines for identification, reporting and prevention of sexual harassment.

During the Financial Year 2017-2018, the Company has received one complaint of sexual harassment and the same was resolved and no complaint is pending.

Extract of Annual Return:

The relevant information in the prescribed form MGT-9 pertaining to the abstract of annual return is attached to this report as **Annexure - C**.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and outgo:

The Information on conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under section 134 [3][m] of the Act read with the Companies [Accounts] Rules, 2014, is provided in the **Annexure – D** and forms part of this Annual Report.

Particulars of Loans, Guarantees or Investments:

The Company has granted inter corporate loans and made investments during the year under review. The particulars of loans/investment covered under section 186 of the Act are given in the notes to the financial statements.

General Disclosures:

Your Directors state that the Company has made disclosures in this report the items prescribed in section 134 [3] of the Act and Rule 8 of The Companies [Accounts] Rules, 2014 to the extent the transactions took place on those items during the year.

There are no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this report.

Particulars of Employees:

Disclosure as required under section 197 of Companies Act, 2013 and Rule 5[1] of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 has been appended as **Annexure – C.**

The information as required under Rule 5[2] of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time, will be provided upon request by any member of the Company. In terms of section 136[1] of the Companies Act, 2013, the Report and Accounts are being sent to the members excluding the said Annexure. Any member interested in obtaining the copy of the same may write to the Company Secretary at the Registered Office of the Company.

Acknowledgment:

Your Directors take this opportunity of appreciating the holding Company, Cadila Healthcare Limited and Banks for their co-operation received during the year under review. Your Directors also places on record sincere appreciation of the continued hard work put in by the employees at all the levels. The Directors also thank Company's vendors, business associates, State Government and various departments and agencies for their support and co-operation.

On behalf of the Board of Directors

Place: Ahmedabad
Date: May 22, 2018

Dr. Sharvil P. Patel
Chairman

Form No. – MR 3
Secretarial Audit Report
For the financial year ended on March 31, 2018
(Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule number 9 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,
The Members
ZYDUS HEALTHCARE LIMITED
(Formerly known as GERMAN REMEDIES LIMITED)
REGD. OFF: Zydus Tower, Satellite Cross Roads,
Sarkhej-Gandhinagar Highway Ahmedabad – 380015

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Zydus Healthcare Limited *(Formerly known as German Remedies Limited)*** (hereinafter called the Company). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the Secretarial Audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2018** complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company as per Annexure I for the financial year ended on March 31, 2018 according to the provisions of:

i) The Companies Act, 2013 (Act) and the rules made thereunder;
ii) The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
iii) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
v) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):

   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009

Tf/1, Anison Complex, 3rd Floor, SBI Lane, Nr. Stadium Circle, C. G. Road, Navrangpura, Ahmedabad-380 009 Ph : 079-26421414, 26421555, e-mail : csdoshiac@gmail.com M : 098250 64740

SPANJ & ASSOCIATES COMPANY SECRETARIES

d) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014
e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client
g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009
h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998

However, it is reported that there were no instances requiring compliance with the provisions of the laws indicated at para (iii) and (v) mentioned hereinabove during the period under review as said regulations were not applicable to the company.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.
(ii) The Listing Agreements entered into by the Company with the Stock Exchange and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015;

However, it was noted that since the securities of the company are not listed on any recognized stock exchange, clauses of listing agreement and rules of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 were not applicable except the regulations applicable to material subsidiary of a listed entity.

VI. We further report that having regard to the compliance management system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has compliance management system for the sector specific laws applicable to the Company

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, mentioned hereinabove and there is adequate compliance management system for the purpose of other applicable laws mentioned hereinabove. We have relied on the representations made by the Company and its officers for systems and mechanisms formed by the Company for compliances under applicable laws and regulations applicable to the Company mentioned hereinabove.

We further report that

Board of Directors of the Company is duly constituted with proper balance of the Executive Directors and the Non-executive Directors (Independent and Non-independent). During the year being unlisted material subsidiary of a listed entity, Ms. Dharmishtha Raval, acting as an independent Director on the Board of Directors of listed entity, has been appointed as an independent director on the Board of Directors of the company to company with the provisions of clause 24 of of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 The changes in the composition of the Board that took place during the period under review were carried out in compliance with the provisions of the Act.

Tf/1, Anison Complex, 3rd Floor, SBI Lane, Nr. Stadium Circle, C. G. Road, Navrangpura, Ahmedabad-380 009 Ph : 079-26421414, 26421555, e-mail: csdoshiac@gmail.com M : 098250 64740

SPANJ & ASSOCIATES * COMPANY SECRETARIES

Adequate notice is given to all the Directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting Members' views are captured and recorded as part of the minutes, wherever required.

We further report that

there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with the applicable laws, rules, regulations and guidelines.

We further report that

during the audit period there were following events / actions having a major bearing on the affairs of the Company in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above more specifically related to:

i) Investment in Violio Healthcare Limited by way of subscription at the time of the incorporation of a new Company as a wholly-owned subsidiary company w.e.f. March 20, 2018;

ii) Acquisition of Acme Pharmaceuticals Private Limited [Acme] on March 29, 2018 by way of purchase of 100% share capital of the companyConsequent to which, Acme became a wholly-owned subsidiary of the Company.

iii) Issue and allotment of 2,23,500 Equity shares of Rs. 100 each to the shareholders of erstwhile Biochem Pharmaceuticals Industries Limited pursuant to the approval of the Scheme of Amalgamation of Biochem Pharmaceutical Industries Limited with the Company by the National Company Law Tribunal, Ahmedabad Bench, Gujarat, [NCLT] .

iv) Redemption of 2,54,460, 8%, Non Cumulative Redeemable Preference Shares of Rs.100/- each at a price of Rs.100/- each.

Place: Ahmedabad

Date: 22/05/2018

Signature:

Name of practicing CS: Ashish C. Doshi, Partner
SPANJ & ASSOCIATES
Company Secretaries
ACS/FCS No. : F3544
C P No : 2356

SPANJ & ASSOCIATES COMPANY SECRETARIES

Note: This report is to be read with our letter of even date which is annexed as Annexure II and forms an integral part of this report.

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ANNEXURE - I

List of documents verified

1. Memorandum & Articles of Association of the Company.

2. Minutes of the meetings of the Board of Directors and various committees comprising of Audit Committee, Nomination & Remuneration Committee etc. held during the period under report.

3. Minutes of General Body Meetings held during the period under report. .

4. Statutory Registers/Records under the Companies Act and rules made there under viz.

- Register of Directors & KMP
- Register of Directors' Shareholding
- Register of loans, guarantees and security and acquisition made by the Company
- Register of Renewed and Duplicate Share Certificate
- Register of Members

5. Agenda papers submitted to all the directors / members for the Board Meetings and Committee Meetings.

6. Declarations received from the Directors of the Company pursuant to the provisions of 184 of the Companies Act, 2013.

7. e-Forms filed by the Company, from time-to-time, under applicable provisions of the Companies Act, 1956 and Companies Act, 2013 and attachments thereof during the period under report.

9.. Various policies framed by the company from time to time as required under the statutes applicable to the company.

10. Processes and procedure followed for Compliance Management System for applicable laws to the Company

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SPANJ & ASSOCIATES COMPANY SECRETARIES

SPANJ
& ASSOCIATES
Company Secretaries

Annexure II

To,
The Members
ZYDUS HEALTHCARE LIMITED
(Formerly known as GERMAN REMEDIES LIMITED)
REGD. OFF: Zydus Tower, Satellite Cross Roads,
Sarkhej-Gandhinagar Highway Ahmedabad – 380015

Sir,

Sub: Secretarial Audit Report for the Financial Year ended on 31st March, 2018

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Ahmedabad — Signature:

Date: 22/05/2018 — Name of practicing C S : Ashish C. Doshi, Partner
SPANJ & ASSOCIATES
Company Secretaries
ACS/FCS No. : F3544
C P No : 2356

SPANJ & ASSOCIATES COMPANY SECRETARIES

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Annexure - B

Annual Report on Corporate Social Responsibility [CSR] activities

1. **Brief outline of the Company's CSR Policy, including overview of the projects or programs proposed to be undertaken**

   The Company has framed a CSR Policy in compliance with the provisions of section 135 of the Companies Act, 2013.

   The Company has outlined the following thrust areas in the CSR Policy:

   i) Healthcare / Medical Facility
   ii) Skill Development / Empowerment
   iii) Community Development
   iv) Education / Knowledge Enhancement
   v) Infrastructure Development
   vi) Environment Protection
   vii) Others as may be decided.

   The Board of Directors approved the CSR spending, apart from others, on providing financial support and other assistance to Gujarat Cancer Society [GCS]. GCS is also providing financial assistance to marginalized and economically weaker sections of the society for medical treatment at its hospital.

2. Average net profits of the Company for last three financial years.

   Rs. 73,62,96,391/-

3. Prescribed CSR expenditure [2% of the amount as in item No. 3 above].

   Rs. 147,25,928/-

4. Details of CSR spent during the financial year.

   a. Total amount to be spent during the financial year – Rs. 147,25,928/-

   b. Amount unspent, if any. – Nil

   c. Manner in which the amount spent during the financial year is detailed below:

Sr. No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or program [Local Area or specify the other Area]	Amount outlay [Budget]	Amount spent on the projects or programs	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing Agency
1.	Healthcare & Education	Promoting education & healthcare including preventive healthcare	Ahmedabad	1,00,00,000	1,00,00,000	1,00,00,000	through implementing Agency
2.	Healthcare	For promoting education & making available safe drinking water	Ahmedabad	51,00,000	51,00,000	51,00,000	through implementing Agency
3	Education	Promoting education	Sikkim	3,61,000	3,61,000	3,61,000	through implementing Agency
4.	Healthcare & Welfare	Healthcare and Welfare of old age and destitute people	Sikkim	3,65,000	3,65,000	3,65,000	through implementing Agency
			TOTAL	**1,58,26,000**	**1,58,26,000**	**1,58,26,000**	

A Responsibility Statement:

The implementation and monitoring of Corporate Social Responsibility [CSR] Policy, is in compliance with CSR objectives and policy of the Company.

Dr. Sharvil P. Patel
Chairman of CSR Committee

Anil Matai
Managing Director

Place: Ahmedabad
Date: May 22, 2018

Annexure – C

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2018
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other details	
CIN	U51900GJ1989PLC079501
Registration Date	August 2, 1989
Name of the Company	Zydus Healthcare Limited [Formerly known as German Remedies Limited]
Category / Sub-Category of the Company	Public Company Limited by shares
Address of the Registered Office and Contact details	"Zydus Tower", Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad – 380 015. Phone +91-79-2686 8100 (20 lines) Fax +91-79-2686 8337
Whether listed company	No
Name, address and contact details of Registrar and Transfer Agent, if any	Not Applicable

II. Principal Business Activities of the Company

Manufacturing of pharmaceutical products

Name and Description of main Products / Services	NIC Code of the Product / Service	% to total turnover of the Company
Pharmaceutical Products	2100	100%

III. Particulars of holding, subsidiary and Associate Companies:

Sr. No.	Name and Address of the Company	CIN No.	Holding /Subsidiary /Associate	% of Shares held	Applicable Section
1.	Cadila Healthcare Limited Zydus Tower, Satellite Cross Roads, Ahmedabad – 380 015	L24230GJ1995PLC025878	Holding	100%	2[46]
2.	Violio Healthcare Limited House No. 3, Sigma Commerce Zone, Nr. Iscon Temple, S. G. Highway, Ahmedabad 380 015	U24299GJ2018PLC101374	Subsidiary	100%	2[87]
3.	Acme Pharmaceuticals Private Limited PF 61 & 62, Sanand-II Industrial Estate, Tal.: Sanand, Ahmedabad – 382 110	U24230GJ2010PTC063425	Subsidiary	100%	2[87]

IV. SHAREHOLDING PATTERN (Equity share Capital Breakup as percentage of Total Equity)

I) Category-wise Shareholding:

Category of Shareholders	No. of shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	%of Total shares	Dem at	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d)Bodies Corporate	-	1938242	1938242	100%	-	2161742	2161742	100%	%
e) Banks / FI	-	-	-		-	-	-		-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1):	**-**	1938242	1938242	100%	-	2161742	2161742	100%	%
(2) Foreign					-				-
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2):	**-**	**-**	**-**	**-**	-	**-**	**-**	**-**	-
Total Shareholding of Promoters (A)=(A)(1)+(A)(2)	**-**	1938242	1938242	100%	-	2161742	2161742	100%	%
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds / UTI	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total Shares	
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	
Sub-Total (B)(1):	**-**	-	-	-	-	-	-	-	-
(2) Non-Institutions									
a) Bodies Corporate									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals			-	-	-	-	-	-	-
i) Individual Share-holders holding nominal share capital upto 2 Lakh	-	-	-	-	-	-	-	-	-
ii) Individual share-holders holding nominal share capital in excess of 2 Lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)									
i) Shares held by Pakistani citizens vested with the Custodian of Enemy Property	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total Shares	
ii) Other Foreign Nations	-	-	-	-	-	-	-	-	-
iii) Foreign Bodies	-	-	-	-	-	-	-	-	-
iv) NRI / OCBs	-	-	-	-	-	-	-	-	-
v) Clearing Members/ Clearing House	-	-	-	-	-	-	-	-	-
vi) Trusts	-	-	-	-	-	-	-	-	-
vii) Limited Liability Partnership	-	-	-	-	-	-	-	-	-
ii) Foreign Portfolio Investor (Corporate)	-	-	-	-	-	-	-	-	-
ix) Qualified Foreign Investors	-	-	-	-	-	-	-	-	-
Sub-Total (B)(2):	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. **Shares held by Custodian for GDRs & ADRs**	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**-**	1938242	1938242	100%	-	2161742	2161742	100%	%

ii) Shareholding of Promoters:

Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share-holding during the year
	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
Cadila Healthcare Limited	19,38,230	100%	-	21,61,730	100%	Nil	11.53 %
Mr. Pankaj R. Patel Jtly. with Cadila Healthcare Limited	*2	-	-	*2	-	Nil	-
Mrs. Pritiben P. Patel Jtly. With Cadila Healthcare Limited	*2	-	-	*2	-	Nil	-
Dr. Sharvil P. Patel Jtly. With Cadila Healthcare Limited	*2	-	-	*2			-
Mrs. Shivani P. Patel Jtly. With Cadila Healthcare Limited	*2	-	-	*2	-	Nil	-
Mr. Nitin D. Parekh Jtly. With Cadila Healthcare Limited	*2	-	-	*2	-	Nil	-
Mr. P. A. Padmanabhan Jtly. With Cadila Healthcare Limited	*2	-	-	*2	-	Nil	-
Total	**19,38,242**	**100%**	-	**21,61,742**	**100%**	**Nil**	**11.53%**

* Shares held as nominee of Cadila Healthcare Limited

iii) Change in Promoters' Shareholding (Please specify, if there is no change)

Shareholding at the beginning of the year			Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	**19,38,242**	100%	**19,38,242**	100%
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	Allotted 2,23,500 Equity Shares pursuant to the Scheme of Amalgamation of erstwhile Biochem Pharmaceutical Industries Limited with the Company.			
At the end of the year	21,61,742	100%	21,61,742	100%

iv) Shareholding Pattern of top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

For each of the top 10 shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
NIL				

v) Shareholding of Directors and Key Managerial Personnel [KMP]:

A. Directors [Other than KMP]

Particulars	Dr. Sharvil P. Patel	Mr. Nitin D. Parekh	Mr. Deevyesh J. Radia
At the beginning of the year: Number of Shares % of total shares held	2* -	2* -	Nil -
Date wise increase / decrease in shareholding:	Nil	Nil	Nil
At the end of the year: Number of Shares % of total shares held	2*	2*	Nil

*Held as a nominee of Cadila Healthcare Limited

Particulars	**Dr. Bhavana S. Doshi**	**Dharmishta N. Rawal**
At the beginning of the year: Number of Shares % of total shares held	Nil -	Nil -
Date wise increase / decrease in shareholding:	Nil	Nil
At the end of the year: Number of Shares % of total shares held	Nil	Nil

B. Key Managerial Personnel:

Particulars	Mr. Anil B. Matai Managing Director	Mr. P. A. Padmanabhan CFO	Mr. Sanjay D. Gupta CS
At the beginning of the year: Number of Shares % of total shares held	Nil -	2* -	Nil -
Date wise increase / decrease in shareholding:	Nil	Nil	Nil
At the end of the year: Number of Shares % of total shares held * Shares held as nominee of Cadila Healthcare Limited	Nil	2*	Nil

V. INDEBTEDNESS

Rs. in Thousand

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	48,34,000	-	48,34,000
ii) Interest due but not paid	-		-	-
iii) Interest accrued but not due	-	53,551	-	53,551
Total (i+ii+iii)	**-**	**48,87,551**	**-**	**48,87,551**
Change in Indebtedness during the financial year				
Addition	-	2,20,000	-	2,20,000
Reduction	-	-49,07,551	-	-49,07,551
-Net Change	-	-46,87,551	-	-46,87,551
Indebtedness at the end of the financial year				
i) Principal Amount	-	2,00,000	-	2,00,000
ii) Interest due but not paid	-		-	-
iii) Interest accrued but not due	-		-	-
Total (i+ii+iii)	**-**	**2,00,000**	**-**	**2,00,000**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and / or Manager:

Sr. No.	Particulars of Remuneration	Mr. Anil Matai Managing Director	Amt. [Rs. In Lakhs]
	Gross Salary		
1	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	460.06	460.35
	b) Value of perquisites under section 17(2) Income Tax Act, 1961	0.29	
	c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961		
2	Stock Options		
3	Sweat Equity		
4	Commission		
	- As % of profit		
5	Other, please specify		
	Total (A)		460.35
	Ceiling as per the Act		1100.00

B. Remuneration to other Director:

1. Independent Directors: **[Amount Rs. in Lakhs]**

Particulars of Remuneration	Name of Director			Total
	Mr. Deevyesh J. Radia	Dr. Bhavana Doshi	Ms.* Dharmishta N. Raval	
- Fee for attending Board / Committee Meetings	4.50	6.00	Nil	10.50
- Commission	3.50	3.50	3.50	10.50
- Others, please specify	Nil	Nil	Nil	Nil
Total (B)(1)	**8.00**	**9.50**	**3.50**	**21.00**

***** appointed as an additional Director w.e.f November 8, 2017.

3. Other Non-Executive Directors:

[Amount Rs. in Lakhs]

Particulars of Remuneration	Name of Director		Total
	Dr. Sharvil P. Patel	Mr. Nitin D. Parekh	
- Fee for attending Board / Committee Meetings	4.00	4.50	8.50
- Commission	Nil	Nil	Nil
- Others, please specify	Nil	Nil	Nil
Total (B)(2)	**4.00**	**4.50**	**8.50**
Total (B)=(B)(1)+(B)(2)			**29.50**

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD:

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount Lakhs
		Mr. P. A. Padmanabhan - CFO	Mr. Sanjay Kumar Gupta – Company Secretary	
1.	Gross Salary			
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	116.24	17.24	133.48
	b) Value of perquisites under section 17(2) Income Tax Act, 1961	0.29	-	
	c) Profit in lieu of salary under section 17(3) Income Tax Act, 1961			
2.	Stock Options	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- as % of profit	-	-	-
	- Others, specify…….	-	-	-
5	Others, please specify	-	-	-
	Total (C)	**116.53**	**17.24**	**133.77**

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty	None				
Punishment					
compounding					
B. DIRECTORS					
Penalty	None				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	None				

On behalf of the Board of Directors

Place: Ahmedabad
Date: May 22, 2018

Dr. Sharvil P. Patel
Chairman

Annexure – D

Information pertaining to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo pursuant to section 134(1)(m) of the Companies Act, 2013 read with Rule No. 8 of the Companies [Accounts] Rules, 2014.

A. Conservation of Energy:

1. Steps taken and capital investment and impact on conservation of energy:

a. Particulars of major steps taken and capital investments made:

[Amount Rs. in Lakhs]

Sr. No.	**Steps taken by installing following equipment / fittings**	**Capital Investments**
i.	LED Light Replacement to service floor of General Block & Hormone Block	2.00
ii	Replace the chiller condenser coil of 2 no. Chiller (Chiller 1 & 2)	42.00
iii	Perform the D check of DG 1010 KVA for improving the efficiency of DG set.	10.00
	Total	**54.00**

b. Impact on conservation of energy:

- Reduction in power consumption,
- Enhance illumination level,
- Increase the efficiency of chiller. Chiller tripping problem is solved on high oil temperature and high discharge pressure i.e. power consumption is decreased.
- Improvement in environment conditions.

2. Steps taken by the Company for utilizing alternate sources of energy:

- Produce Gas used in Boiler in place of HSD. Produce gas is generated by Briquette.
- LED light used in place of CFL

B. Technology Absorption:

1. Efforts made towards technology absorption:

- Utilized Timers, Switches, VFD, LED etc. for power conservation.

2. Benefits derived:

- Helped in reduction of power consumption and improvement in environmental conditions.

3. **Details of technology imported in last three years:**

- The Company has not imported new technology during the last three financial years.

4. **Expenditure incurred on Research and Development:**

- The Company has not incurred expenditure under the head Research and Development.

C. **Foreign Exchange Earnings and outgo:**

- During the year, there is an earning of Rs.692.80 Lakhs in foreign exchange.

On behalf of the Board of Directors

Place: Ahmedabad
Date: May 22, 2018

Dr. Sharvil P. Patel
Chairman

Deloitte Haskins & Sells LLP

Chartered Accountants
19th Floor, Shapath - V
S G Highway
Ahmedabad - 380 015
Gujarat, India

Tel: +91 79 6682 7300
Fax: +91 79 6682 7400

INDEPENDENT AUDITOR'S REPORT
To The Members of Zydus Healthcare Limited
Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Zydus Healthcare Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and 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 Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting 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 adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS 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 Ind AS financial statements based on our audit.

In conducting 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 and the Order issued under section 143(11) of the Act.

We conducted our audit of the Ind AS financial statements 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a

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true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31^{st} March, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to Note 43 and 44 to the Ind AS Financial Statements, relating to the schemes of amalgamation of Zydus Healthcare Limited with German Remedies Limited and Biochem Pharmaceuticals Industries Limited with the Company, which have been accounted under the "Purchase Method" as per Standard on Accounting for Amalgamation (AS-14) in compliance with the scheme of Amalgamation pursuant to Section 391 and 394 of Companies Act, 1956 and Section 230 to 230 of Companies Act, 2013 approved by Hon'ble High Court of Gujarat and Hon'ble National Company Law Tribunal, Ahmedabad Bench respectively. Accordingly, Goodwill on Amalgamation recognized pursuant to the Schemes is being amortised over a period of 10 years in accordance with Scheme. The accounting treatment provided in the Scheme prevails over the requirement of IND AS in accordance with the Ministry of Company Affairs notification for IND AS dated February 16, 2015.

Our report is not modified in respect of this matter.

Other Matters

Our opinion on the Ind AS financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, referred to in the Other Matters paragraph above 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 as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, 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 Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Company as on 31^{st} March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31^{st} March, 2018 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 26 to the Ind AS financial statements

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Gaurav J Shah
Partner
(Membership No. 35701)

Place: Mumbai,
Date: 22nd May, 2018

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Report on Internal Financial Controls Over Financial Reporting

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under 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 Healthcare Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls 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. 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 controls 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 risks of 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

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principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect 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 of 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, to the best of our information and according to the explanations given to us, 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, 2018, based on the criteria for internal financial control over financial reporting 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 **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Gaurav J Shah
Partner
(Membership No. 35701)

Place: Mumbai
Date: 22nd May, 2018

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ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT
(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i)

(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 a 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.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, *prima facie,* not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(c) There is no overdue amount remaining outstanding as at the balance sheet date.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

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(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, , Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2018 on account of disputes are given below:

Name of Statute	Nature of the dues	Forum where Dispute is Pending	Period to which the amount relates	Amount (Rs. in Millions)
West Bengal Value Added Tax Act, 2003	Demand for tax	Additional Commissioner of commercial tax, West Bengal	2014-15	25.16
Maharashtra Value Added Tax Act, 2002	Demand for tax	Deputy Commissioner of commercial tax, Maharashtra	2008-09	0.09
Central Sales Tax Act,1956	Demand for tax	Deputy Commissioner of commercial tax, Maharashtra	2008-09	1.45
	Demand for tax, interest and Penalty	Deputy Commissioner of commercial tax, Gujarat	2013-14	3.56
The Central Excise Act, 1944	Demand for Tax	CESTAT, Ahmedabad	2014-15	0.05
		CESTAT, Kolkata	2008-09 to 2009-10	5.67
		Commissioner (Appeal), Siliguri	2015-16 to 2016-17	220.60
		CESTAT, Ahmedabad	2002-03 to 2013-14	63.01
		CESTAT, Kolkata	2013-14 to 2014-15	24.34
		CESTAT, Mumbai	2000-01	0.45
		Commissioner (Appeal), Siliguri	2010-11 to 2012-13	1.12
		Commissioner (Appeal), Vapi	2010-11 to 2016-17	14.30
		CESTAT, Mumbai	2005-06	0.28
		Supreme Court	1998-99 to 2002-03	7.28
	Demand for Tax, Interest and penalty	CESTAT, West zonal batch, Mumbai	2004-05	1.19
The Finance Act, 1994	Demand for Tax and penalty	CESTAT, Ahmedabad	2005-06 to 2010-11	290.84

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(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Gaurav J Shah
Partner
(Membership No. 35701)

Place: Mumbai
Date: 22nd May, 2018

ZYDUS HEALTHCARE LIMITED [Formerly known as German Remedies Limited]
Balance Sheet as at March 31, 2018

Particulars	Note No.	INR- Millions As at Mar 31, 2018	Mar 31, 2017
ASSETS:			
Non-Current Assets:			
Property, Plant and Equipment	3	**5,755**	4,956
Capital work-in-progress		**610**	605
Goodwill	3	**36,141**	40,742
Other Intangible Assets	3	**4,890**	5,441
Financial Assets:			
Investments	4	**37**	18
Loans	5	**100**	-
Other Financial Assets	6	**194**	260
Other Non-Current Assets	7	**253**	223
Deferred Tax Assets [Net]	20	**1,753**	2,510
Assets for Current tax [Net]	8	**9**	20
		49,742	54,775
Current Assets:			
Inventories	9	**3,740**	3,142
Financial Assets:			
Investments	10	**1,007**	-
Trade Receivables	11	**3,015**	2,665
Cash and Cash Equivalents	12	**4,326**	204
Other Current Financial Assets	13	**16**	-
Other Current Assets	14	**2,968**	2,594
		15,072	8,605
Total		**64,814**	63,380
EQUITY AND LIABILITIES:			
Equity:			
Equity Share Capital	15	**12,582**	12,559
Other Equity	16	**45,130**	44,339
		57,712	56,898
Non-Current Liabilities:			
Financial Liabilities:			
Borrowings	17	**200**	200
Other Financial Liabilities	18	**47**	184
Provisions	19	**595**	649
		842	1,033
Current Liabilities:			
Financial Liabilities:			
Trade Payables	21	**4,689**	4,182
Other Financial Liabilities	22	**938**	836
Other Current Liabilities	23	**215**	255
Provisions	24	**234**	111
Current Tax Liabilities [Net]	25	**184**	65
		6,260	5,449
Total		**64,814**	63,380
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 49		

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number: 117366W/ W-100018

Gaurav J. Shah
Partner
Membership Number: 035701
Mumbai, Dated: 22nd May, 2018

P A Padmanabhan
Chief Financial Officer

Sanjay D Gupta
Company Secretary

For and on behalf of the Board

Dr. Sharvil P. Patel
Chairman

Anil Matai
Managing Director

ZYDUS HEALTHCARE LIMITED [Formerly known as German Remedies Limited]
Statement of Profit and Loss for the year ended March, 31, 2018

Particulars	Note No.	INR- Millions Year ended Mar 31, 2018	Mar 31, 2017
Revenue from Operations	27	**29,988**	29,314
Other Income	28	**127**	27
Total Income		**30,115**	29,341
EXPENSES:			
Cost of Materials Consumed	29	**4,103**	5,454
Purchases of Stock-in-Trade	30	**7,268**	5,221
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	31	**159**	(422)
Excise Duty on Sales		**272**	1,193
Employee Benefits Expense	32	**4,811**	4,377
Finance Costs	33	**33**	319
Depreciation, Amortisation and Impairment expense	3	**5,533**	5,022
Other Expenses	34	**5,871**	6,292
Total Expenses		**28,050**	27,456
Profit before Tax		**2,065**	1,885
Less: Tax Expense:			
Current Tax	35	**454**	419
Deferred Tax	20	**757**	458
Prior period Tax Adjustment		**(46)**	
		1,165	877
Profit for the year		**900**	1,008
OTHER COMPREHENSIVE INCOME [OCI]:			
Items that will not be reclassified to profit or loss:			
Re-measurement losses on post employment defined benefit plans		**(31)**	(111)
Income tax effect		**11**	24
		(20)	(87)
Net [Loss]/ Gain on Fair Value through OCI [FVTOCI] Equity Securities		**1**	9
Income tax effect			
		1	9
Other Comprehensive Income for the year [Net of tax]		**(19)**	(78)
Total Comprehensive Income for the year [Net of Tax]		**881**	930
Basic & Diluted Earning per Equity Share [EPS] [in Rupees]		**(136.31)**	437.92
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 49		

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number: 117366W/ W-100018

Gaurav J. Shah
Partner
Membership Number: 035701
Mumbai, Dated: 22nd May, 2018

P A Padmanabhan
Chief Financial Officer

Sanjay D Gupta
Company Secretary

For and on behalf of the Board

Dr. Sharvil P. Patel
Chairman

Anil Matai
Managing Director

ZYDUS HEALTHCARE LIMITED (Formerly known as German Remedies Limited)
Cash Flow Statement for the year ended March 31, 2018

Particulars		INR-Millions	
		Year ended March 31	
	2018		2017
A Cash flows from Operating Activities:			
Profit before Tax		2,065	1,885
Adjustments for:			
Depreciation, Impairment and Amortisation expenses	5,533		5,022
Loss on disposal of Property, Plant and Equipment [Net]	1		2
Interest Income on Financial Assets measured at Amortised Cost	(92)		(27)
Gain on Mark to Market Mutual Fund	(6)		
Dividend Income	(2)		-
Interest Expense	33		319
Bad Debts Written off	6		2
Impairment Allowances for Trade Receivables	(7)		34
Impairment Allowances for Advances [net of written back]	1		(2)
Provision for Employee Benefits	66		54
Provision for claims for product expiry and return of goods	3		(8)
Total		5,536	5,396
Operating profit before working capital changes		7,601	7,281
Adjustments for:			
[Increase]/ Decrease in Trade Receivables	(344)		(376)
[Increase] in Inventories	(598)		(609)
Decrease in Financial Assets	(71)		127
[Increase] in Other Financial Assets	65		
[Increase] in Other Current Assets	(336)		(2,319)
Increase/ [Decrease] in Trade Payables	403		1,815
Increase/ [Decrease] in Other Current Liabilities	(45)		(539)
Increase in Other Financial Liabilities	15		95
Total		(911)	(1,806)
Cash generated from Operations		6,690	5,475
Direct taxes paid [Net of refunds]		(312)	(371)
Net cash from Operating Activities		6,378	5,104
B Cash flows from Investing Activities:			
Purchase of Property, Plant and Equipment	(1,100)		(9,075)
Proceeds from disposal of Property, Plant and Equipment	(0)		6
Investment in Acme Pharmaceuticals Pvt. Ltd.	(18)		-
Loan to Subsidiary Company	(100)		-
Interest Received	92		27
Dividend Received	2		-
Net cash used in Investing Activities		(1,124)	(9,042)
C Cash flows from Financing Activities:			
Proceeds from issue of Optionally Convertible Non-Cumulative Redeemable Preference Shares	-		12,365
Payment towards Stamp Duty on issue of Equity and Preference Shares	(6)		(49)
Repayment of Long Term Borrowings	-		(130)
Repayment of Prefrence Shares	(25)		-
Short Term Borrowings [Net]	-		(4,504)
Interest Paid	(33)		(371)
Dividend Paid	(51)		(3,003)
Tax on Dividend paid	(10)		(611)
Net cash used in financing activities		(125)	3,697
Net [Decrease]/ Increase in Cash and Cash Equivalents		5,129	(241)
Cash and Cash Equivalents at the beginning of the year		204	236
Cash and Cash Equivalents acquired under the Scheme [Refer Note No. 43, 44 and 45]		-	209
Cash and Cash Equivalents at the end of the year		5,333	204

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 Equivalents at the end [beginning] of the year include INR 9 [INR 9] Millions not available for immediate use.
4 Effective April 1, 2017, the Company adopted the amendment to Ind AS 7, which require 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 adoption of the amendment did not have any material impact on the financial statements.
5 Cash and Cash Equivalents comprise of:

	As at March 31 2018	2017	2016
a Cash on Hand	2	1	1
b Balances with Banks	4,324	203	235
c Investment in Mutual Funds	1,007	-	-
d Total	5,333	204	236

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number: 117366W/ W-100018

For and on behalf of the Board

Dr. Sharvil P. Patel
Chairman

Gaurav J. Shah
Partner
Membership Number: 035701
Mumbai, Dated: 22nd May, 2018

P A Padmanabhan
Chief Financial Officer

Sanjay D Gupta
Company Secretary

Anil Matai
Managing Director

ZYDUS HEALTHCARE LIMITED [Formerly known as German Remedies Limited]
Statement of Change in Equity for the year ended March 31, 2018

a Equity Share Capital:

	No. of Shares	INR- Millions
Equity Shares of INR 100/- each, Issued, Subscribed and Fully Paid-up:		
As at April 1, 2017	1,938,242	**194**
Issued during the year - Pursuant to scheme of Amalgamation	223,500	**23**
As at March 31, 2018	2,161,742	**217**

b Other Equity:

	INR- Millions					
	Reserves and Surplus				Items of OCI	
	General Reserve	**Share Capital Suspense Account**	**Securities Premium**	**Retained Earnings**	**FVTOCI Reserve**	**Total**
As at April 1, 2017	**37,894**	**5,564**	**-**	**872**	**9**	**44,339**
Add: Profit for the year				900		**900**
Add [Less]: Other Comprehensive Income				(20)	1	**(19)**
Total Comprehensive Income	**37,894**	**5,564**	**-**	**1,752**	**10**	**45,220**
Transfer from [to] Securities Premium Account		(5,541)	5,541			**-**
Share issued pursuant to scheme of Amalgamation		(23)				**(23)**
Stamp duty paid on issue of shares	(6)		-			**(6)**
Transactions with Owners in their capacity a as owners:						
Dividends				(51)		**(51)**
Corporate Dividend Tax on Dividend				(10)		**(10)**
As at March 31, 2018	**37,888**	**-**	**5,541**	**1,691**	**10**	**45,130**

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number: 117366W/ W-100018

Gaurav J. Shah
Partner
Membership Number: 035701
Mumbai, Dated: 22nd May, 2018

For and on behalf of the Board

Dr. Sharvil P. Patel
Chairman

P A Padmanabhan
Chief Financial Officer

Sanjay D Gupta
Company Secretary

Anil Matai
Managing Director

ZYDUS HEALTHCARE LIMITED [Formerly known as German Remedies Limited]

Note: 1-Company Information:

Zydus Healthcare Limited ["the Company"], a company limited by shares, incorporated and domiciled in India, operates as an integrated pharmaceutical company with business encompassing the entire value chain in the production, marketing and distribution of pharmaceutical products. The product portfolio of the Company includes human formulations. The registered office of the Company is located at "Zydus Tower", Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad - 380015.

These financial statements were authorised for issue in accordance with a resolution passed by the Board of directors at its meeting held on May 22, 2018.

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 preparation:

A The financial statements are in compliance with the Indian Accounting Standards [Ind AS] notified under the Companies [Indian Accounting Standards] Rules, 2015, as amended and other relevant provisions of the Companies Act, 2013.

B For all periods up to and including the year ended March 31, 2016, the Company had 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].

Effective from April 1, 2016, the Company has adopted Ind AS as per Companies [Indian Accounting Standards] [Ind AS] Rules, 2015 as notified under section 133 of the Companies Act, 2013. The adoption was carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards.

Amount for the year ended March 31, 2017 and as at March 31, 2017 were audited by previous auditors, M/s. K. S. Aiyar & Co., Chartered Accountants.

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 Certain financial assets and liabilities measured at fair value [refer accounting policy regarding financial instruments]

ii Defined benefit plans

2 Use of Estimates:

The preparation of 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 disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments are provided below. 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 judgments:

a Taxes on Income:

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/ recovered for uncertain tax positions and possibility of utilisation of Minimum Alternate Tax [MAT] Credit in future.

b 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.

c Product warranty and expiry claims:

Significant judgment is involved in determining the estimated stock lying in the market with product shelf life and estimates of likely claims on account of expiry/ breakages of such unsold goods lying with stockiest.

d Impairment of assets and investments:

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

e Contingent liabilities:

Significant judgment is involved in determining whether there is a possible obligation, that may, but probably will not require an outflow of resources.

Critical estimates:

a 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.

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Note: 2-Significant Accounting Policies-Continued:

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 date 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 other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis.

D Investments in foreign subsidiaries and other companies are recorded in INR [functional currency] at the rates of exchange prevailing at the time when the investments were made.

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.

B Excise duty is a liability of the Company as a manufacturer, which forms part of the cost of production, irrespective of whether the goods are sold or not. Therefore, the recovery of excise duty flows to the Company on its own account and hence revenue includes excise duty.

C Sales Tax/ Value Added Tax [VAT], GST is not received by the Company on its own account. Rather, it is tax collected on value added to the Goods by the Company on behalf of the government. Accordingly, it is excluded from revenue.

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

a Sale of Goods:

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

The goods are often sold with volume discounts/ pricing incentives and customers have a right to return damaged or expired products. Revenue from sales is based on the price in the sales contracts/ MRP, net of discounts. Historical experience is used to estimate and provide for damage or expiry claims. No element of financing is deemed present as the sales are made with the normal credit terms as per prevalent trade practice and credit policy followed by the Company.

b Service Income:

Service income is recognised as per the terms of contracts with the customers when the related services are performed as per the stage of completion or on the achievement of agreed milestones and are net of service tax, wherever applicable.

c 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.

d Dividend:

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

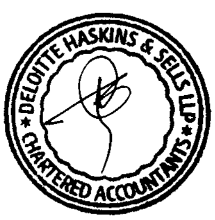
e Other Income:

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

5 Government Grants:

A Government grants are recognised in accordance with the terms of the respective grant on accrual basis considering the status of compliance of prescribed conditions and ascertainment that the grant will be received.

B Government grants related to revenue are recognised on a systematic and gross basis in the Statement of Profit and Loss over the period during which the related costs intended to be compensated are incurred.



Note: 2-Significant Accounting Policies-Continued:

6 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.

C MAT Credit Entitlement:

a Minimum Alternate Tax [MAT] paid in a year is charged to the Statement of Profit and Loss as current tax.

b The company recognizes MAT credit available as an asset based on historical experience of actual utilisation of such credit and only when and to the extent there is a convincing evidence that the company will pay normal income tax during the specified period i.e., the period for which MAT Credit is allowed to be carried forward. Such asset, if any recognised, is reviewed at each Balance Sheet date and the carrying amount is written down to the extent there is no longer a convincing evidence that the company will be liable to pay normal tax during the specified period.

7 Property, Plant and Equipment:

A Freehold land is carried at historical cost. All other items of 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. 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 charged to the statement of profit and loss during the reporting period in which they are incurred.

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 fixed assets 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.

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.

DELOITTE HASKINS & SELLS LLP * CHARTERED ACCOUNTANTS *

Note: 2-Significant Accounting Policies-Continued:

8 Intangible Assets:

A Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. 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 Goodwill arising on Amalgamation is amortised over ten years, as provided in the Scheme of Amalgamation.

D Trade Marks, Technical Know-how Fees and other similar rights are amortised over their estimated economic life.

E 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.

F 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.

G 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 Research and Development Cost:

A Expenditure on research and development is charged to the Statement of Profit and Loss of the year in which it is incurred.

B Capital expenditure on research and development is given the same treatment as Property, Plant and Equipment.

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 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 Inventories:

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

A Raw Materials, Stores & Spare Parts, Packing Materials, Finished Goods, Stock-in-Trade and Works-in-Progress are valued at lower of cost and net realisable value.

B Cost [Net of CENVAT and Input tax credit availed] of Raw Materials, Stores & Spare Parts, Packing Materials, Finished Goods & Stock-in-Trade is determined on Moving Average Method.

C Costs of Finished Goods and Works-in-Progress are determined by taking material cost [Net of CENVAT and Input tax credit availed], labour and relevant appropriate overheads based on the normal operating capacity, but excluding borrowing costs.

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

Write down of inventories to net realisable value is recognised as an expenses and included on "Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade" and "Cost of Material Consumed" in the relevant note in the Statement of Profit and Loss.

13 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.

14 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.

As a lessor:

Lease income from operating leases where the Company is lessor is recognised in income on a straight line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

Note: 2-Significant Accounting Policies-Continued:

15 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.

16 Provision for Product Expiry Claims:

Provisions for product expiry related costs are recognised when the product is sold to the customer. Initial recognition is based on historical experience. The initial estimate of product expiry claim related costs is revised annually.

17 Employee Benefits:

A Short term obligations:

Liabilities for wages and salaries, including leave encashments 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 at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

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 the Statement of Profit and Loss.
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 is 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-measurement 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 and 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

ii Company administered Provident Fund:

In case of a specified class of employees, such contributions are deposited to Cadila Healthcare Limited Employees' Provident Fund Trust. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate.

c 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 Company has 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.

C Employee Separation Costs:

The compensation paid to the employees under Voluntary Retirement Scheme is expensed in the year of payment.

18 Dividends :

The final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as liability on the date of declaration by the Company's Board of Directors.

19 Excise Duty:

Excise Duty is accounted gross of Cenvat benefit availed on inputs, capital goods and eligible services.

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

Note: 2-Significant Accounting Policies-Continued:

20 Financial Instruments:

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

A Financial assets:

a Initial recognition and measurement:

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

b Subsequent measurement:

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

i Debt instruments at amortised cost:

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

- The asset is held with an objective of collecting contractual cash flows
- Contractual terms of the asset give rise on specified dates to cash flows that are "solely payments of principal and interest" [SPPI] on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate [EIR] method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the statement of profit or loss.

ii Debt instruments at fair value through other comprehensive income [FVTOCI]:

A 'debt instrument' is classified as FVTOCI if both of the following criterias are met:

- The asset is held with objective of both - for collecting contractual cash flows and selling the financial assets
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the OCI. However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

iii Debt instruments and derivatives at fair value through profit or loss [FVTPL]:

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as amortized cost or as FVTOCI, is classified as at FVTPL.

Instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

iv Equity instruments:

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income . The Company has made such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

c Derecognition:

A financial asset [or, where applicable, a part of a financial asset] is primarily derecognised [i.e. removed from the Company's balance sheet] when:

i The rights to receive cash flows from the asset have expired, or

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

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

DELOITTE HASKINS & SELLS LLP * CHARTERED ACCOUNTANTS *

Note: 2-Significant Accounting Policies-Continued:

d Impairment of financial assets:

In accordance with Ind AS 109, the Company applies expected credit loss [ECL] model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a Financial assets that are debt instruments, and are measured at amortised cost

b Trade receivables or any contractual right to receive cash or another financial asset

For Recognisition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive [i.e., all cash shortfalls], discounted at the original EIR.

ECL impairment loss allowance [or reversal] recognized during the period is recognized as income/ expense in the statement of profit and loss.

The balance sheet presentation for various financial instruments is described below:

Financial assets measured as at amortised cost and contractual revenue receivables: ECL is presented as an allowance , i.e., as an integral part of the measurement of those assets in the balance sheet, which reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics.

B 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 loans and borrowings, 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 and loss.

C Reclassification of financial assets:

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model as per Ind AS 109.

D 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.

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Note: 2-Significant Accounting Policies-Continued:

21 Convertible Preference Shares:

Convertible preference shares are separated into liability and equity components based on the terms of the contract. On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost [net of transaction costs] until it is extinguished on conversion or redemption.

For the part of the convertible preference shares that meets the Ind AS 32 criteria for fixed to fixed classification are recognised and included in equity. Transaction costs are deducted from equity, net of associated income tax.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

22 Fair Value Measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

a In the principal market for the asset or liability,

b In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

a Level 1 — Quoted [unadjusted] market prices in active markets for identical assets or liabilities

b Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

c Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation [based on the lowest level input that is significant to the fair value measurement as a whole] at the end of each reporting period.

23 Business combinations and Goodwill:

A In accordance with Ind AS 101 provisions related to first time adoption, the Company has elected to apply Ind AS accounting for business combinations prospectively from 1 April 2016. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward without any adjustment.

B Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value. Acquisition related costs are expensed as incurred.

C At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However,

Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 "Income Tax" and Ind AS 19 "Employee Benefits" respectively.

D When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

E Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 "Financial Instruments", is measured at fair value with changes in fair value recognised in statement of profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

F Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

G After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

H A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in statement of profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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Note: 2-Significant Accounting Policies-Continued:

I Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

J Wherever any business combination is governed by the Scheme approved by the Hon'ble High Court/ relevant government authority, the business combination is accounted for as per the accounting treatment sanctioned in the Scheme.

K Goodwill arising on Amalgamation is amortised over the period as provided in the Scheme of Amalgamation, as approved by the Hon'ble High Court or relevant government authority.

24 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 reverse 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 effects of all dilutive potential equity shares.

B Standards issued but not yet effective:

In March 2018, the Ministry of Corporate Affairs [MCA] issued the Companies [Indian Accounting Standards] Amendment Rules, 2018 notifying Ind AS 115 "Revenue from Contract with Customers" and Appendix B to Ind AS 21 "Foreign currency transactions and advance consideration". Both these amendments are applicable to the Company from April 1, 2018.

Ind AS 115:

On March 28, 2018, the MCA notified the Ind AS 115. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.
The standard permits two possible methods of transition:
a) Retrospective approach – Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.
b) Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch – up approach)
The effective date for adoption of Ind AS 115 is financial period beginning on or after April 1, 2018. The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly, comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

Appendix B to Ind AS 21:

Appendix B to Ind AS 21 "Foreign currency transactions and advance consideration" clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. This amendment will come into force from April 1, 2018. The company has evaluated the effect of this on the financial statements and the impact is not material.

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Note: 3-Property, Plant & Equipment:

[A] Property, Plant and Equipment:

INR-Millions

	Freehold Land	Leasehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
Gross Block:								
As at April 1, 2016	126	289	493	426	24	9	2	**1,369**
Acquired under the Scheme	-	2	26	378	7	39	5	**457**
Additions	947	77	1,297	1,004	1	13	22	**3,361**
Disposals				(10)		(11)		**(21)**
As at March 31, 2017	1,073	368	1,816	1,798	32	50	29	**5,166**
Additions			188	680	105	22	170	**1,165**
Disposals						(4)		**(4)**
As at March 31, 2018	1,073	368	2,004	2,478	137	68	199	**6,327**
Depreciation and Impairment:								
As at April 1, 2016		1	1	15				**17**
Depreciation for the year		4	18	160	4	8	4	**198**
Disposals				-		(4)		**(4)**
As at March 31, 2017	-	5	19	175	4	4	4	**211**
Depreciation for the year		4	47	275	12	8	13	**359**
Other adjustments		-	-	-	-	3	-	**3**
Disposals						(1)		**(1)**
As at March 31, 2018	-	9	66	450	16	14	17	**572**
Net Block:								
As at April 1, 2016	126	288	492	411	24	9	2	**1,352**
As at March 31, 2017	1,073	363	1,797	1,623	28	46	25	**4,956**
As at March 31, 2018	1,073	359	1,938	2,028	121	54	182	**5,755**

[B] Intangible Assets:

		Other Intangible Assets				
	Goodwill	Brands/ Trademarks	Computer Software	Commercial Rights	Technical Know-how	Total
Gross Block:						
As at April 1, 2016	46,008	578	15		11	**604**
Acquired under the Scheme		4		31		**35**
Additions		5,007	12	-	16	**5,035**
As at March 31, 2017	46,008	5,589	27	31	27	**5,674**
Additions		14	9			**23**
As at March 31, 2018	46,008	5,603	36	31	27	**5,697**
Amortisation and Impairment:						
As at April 1, 2016	665	1	9			**10**
Amortisation for the year	4,601	211	5	5	2	**223**
As at March 31, 2017	5,266	212	14	5	2	**233**
Amortisation for the year	4,601	559	7	5	3	**573**
As at March 31, 2018	9,867	771	21	10	5	**807**
Net Block:						
As at April 1, 2016	45,343	577	6	-	11	**594**
As at March 31, 2017	40,742	5,377	13	26	25	**5,441**
As at March 31, 2018	36,141	4,832	15	21	22	**4,890**

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Note: 3-Fixed Assets-Continued:

	INR- Millions	
	Year ended March 31	
Depreciation, Amortisation and Impairment expenses:	**2018**	2017
Depreciation	**359**	198
Amortisation	**5,174**	4,824
Total	**5,533**	5,022

Notes:

1 Additions of INR 26 Millions [Previous Year: INR 77] in research assets during the year are included in "Additions" under the respective heads of Gross Block of Tangible assets as above.
2 Capital expenditure on Research and Development is INR 26 Millions [Previous Year: INR 77].
3 Legal titles of some of the immovable properties acquired pursuant to Scheme of Amalgamation of Biochem Pharmaceutical Industries Limited and acquired pursuant to Scheme of Arrangement of Cadila Healthcare Limited with the Company are in the process of being transferred in the name of the Company.

	Face Value [*]	Nos. [**]		
Note: 4-Investments [Non-Current]:				
Investments in Subsidiaries and Others:				
Investments in Equity Instruments			**19**	18
Investments in a Subsidiary Company - Acme Pharmaceuticals Pvt. Ltd.			**18**	-
[Refer Note No.: 46]				
			37	18
A Details of Investments - Others [Valued at fair value through OCI]:				
Investment in Equity Instruments [Quoted]:				
In fully paid-up Equity Shares of:				
Reliance Industries Limited	10	174	**1**	-
Vedanta Limited	10	57,750	**16**	18
Tanla Solutions Limited	1	2,026	**0**	-
In fully paid-up Preference Shares of:				
Vedanta Limited	10	231,000	**2**	
Total [Aggregate Book Value of Investments]			**19**	18
B a i Aggregate amount of quoted investments			**19**	18
ii Market value of quoted investments			**19**	18
b Aggregate amount of unquoted investments			**18**	-
C Explanations:				
a In "Face Value [*]", figures in Indian Rupees unless stated otherwise.				
b In "Nos. [**]" figures of previous year are same unless stated in [ ]{ }.				
c [ ]^ Figures in bracket denote amount in Rupees.				

Note: 5-Loans:		
[Unsecured, Considered Good unless otherwise stated]		
Loans and Advances to Related Parties [*]	**100**	-
Total	**100**	-
[*] Details of loans pursuant to Section 186(4) of Companies Act, 2013 (#):		
Name of the party and relationship with the party to whom loan given:		
A Subsidiary Company:		
a Acme Pharmaceuticals Pvt. Ltd.	**100**	
Total	**100**	-
(#) Loans which are outstanding at the end of the respective financial year.		
Notes:		
a The above loan has been given for business purposes.		
b The loan is interest bearing		
c The above loan is repayable within a period of 1 to 3 years.		

Note: 6-Other Financial Assets:		
[Unsecured, Considered Good unless otherwise stated]		
Security Deposits	**192**	177
Others	**2**	83
Total	**194**	260

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		INR- Millions	
		As at	
		Mar 31, 2018	Mar 31, 2017
Note: 7-Other Non-Current Assets:			
[Unsecured, Considered Good unless otherwise stated]			
Capital Advances		**177**	217
Balances with Statutory Authorities		**39**	6
Others		**37**	-
Total		**253**	223
Note: 8-Current Tax Assets [Net]:			
Advance payment of Tax [Net of provision for taxation of INR 1,758 (as at March 31, 2017 INR 1,897) Millions]		**9**	20
Total		**9**	20
Note: 9-Inventories:			
[The Inventory is valued at lower of cost and net realisable value]			
Classification of Inventories:			
Raw Materials		**1,265**	642
Work-in-progress		**102**	59
Finished Goods		**1,327**	1,312
Stock-in-Trade		**782**	999
Others:			
Packing Materials		**264**	130
Total		**3,740**	3,142
The above includes Goods in transit as under:			
Raw Materials		**110**	58
Packing Materials		**23**	-
Amount recognised as an expense in statement of profit and loss resulting from write-down of inventories			
Net of reversal of write-down		**55**	23
Note: 10-Investments [Current]:			
	Nos. [**]		
Investment in Mutual Funds [Quoted] [Valued at fair value through profit or loss]: [*]			
Reliance Mutual Fund	2,617.70	**505**	-
DSP Black Rock Classic Fund	2,485.63	**502**	-
Total		**1,007**	-
A a i Aggregate amount of quoted investments		**1,007**	-
ii Market value of quoted investments		**1,007**	
B Explanations:			
a In "Nos. [**]" figures of previous year are same unless stated in [ ].			
[*] Considered as cash and cash equivalents for Cash Flow Statement			

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	INR- Millions	
	As at	
	Mar 31, 2018	Mar 31, 2017
Note: 11-Trade Receivables:		
Secured - Considered good	-	2
Unsecured - Considered good	3,015	2,663
Unsecured - Considered doubtful	48	53
	3,063	2,718
Less: Impairment allowances	48	53
Total	3,015	2,665
Note: 12-Cash and Cash Equivalents:		
Balances with Banks [*]		
In Current Accounts	702	194
In Fixed Deposits [including Interest Receivable]	3,622	9
Cash on Hand	2	1
Total	4,326	204
[*] Earmarked balances with banks:		
A Balances with Banks include:		
i Balances to the extent held as margin money deposits against Guarantee	9	9
B Bank deposits with maturity of more than 12 months	-	-
C Company keeps fixed deposits with the Nationalised/ Scheduled banks, which can be withdrawn by the company as per its own discretion/ requirement of funds.		
D There are no amounts of cash and cash equivalent balances held by the entity that are not available for use by the Company.		
Note: 13-Other Current Financial Assets:		
[Unsecured, Considered Good]		
Other advances	16	-
Total	16	-
Note: 14-Other Current Assets:		
[Unsecured, Considered Good]		
Balances with Statutory Authorities	840	266
Receivable from Holding Company	1,892	2,086
Advances to Suppliers	210	156
Less: Impairment Allowances	1	-
	209	156
Export Incentive Receivables	13	13
Other Advances	0	45
Prepaid Expenses	14	28
Total	2,968	2,594

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	INR- Millions	
	As at	
	Mar 31, 2018	Mar 31, 2017
Note: 15-Equity Share Capital:		
Authorised:		
3,100,000 [as at March 31, 2017: 3,100,000] Equity Shares of INR 100/- each	**310**	310
2,000,000 [as at March 31, 2017: 2,000,000] Redeemable Preference Shares of INR 10/- each	**20**	20
132,600,000 [as at March 31, 2017: 132,600,000]		
8% Optionally Convertible Non-Cumulative Redeemable Preference Shares of INR 100/- each	**13,260**	13,260
300,000 8% Non-Cumulative Redeemable Preference Shares of INR 100/- each	**30**	30
	13,620	13,620
Issued, Subscribed and Paid-up:		
Equity Share Capital	**217**	194
Preference Share Capital	**12,365**	12,365
Total	**12,582**	12,559
A The reconciliation in number of Equity shares is as under:		
Number of shares at the beginning of the year	**1,938,242**	48,000
Add: Issued pursuant to Scheme of Amalgamation	**223,500**	1,890,242
Number of shares at the end of the year	**2,161,742**	1,938,242
The reconciliation in number of 8% Optionally Conv. Non-Cumu. Rede. Pref. Shares shares is as under:		
Number of shares at the beginning of the year	**123,650,000**	-
Add: Shares Issued during the year	**-**	123,650,000
Number of shares at the end of the year	**123,650,000**	123,650,000
B The Company has only one class of equity shares having a par value of INR 100/- per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in the case of interim dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.		
C Details of Shareholder holding more than 5% of aggregate Equity Shares of INR 100/- each, fully paid		
Cadila Healthcare Limited and its nominees:		
Number of Shares	**2,161,742**	1,938,242
% to total share holding	**100.00%**	100.00%
Note: 16-Other Equity:		
Other Reserves:		
General Reserve: [*]		
Opening Balance	**37,894**	233
Add: Amount transferred from Securities Premium Account	**-**	41,322
Less: Amount paid for stamp duty on Issue of Shares	**(6)**	(49)
	37,888	41,506
Less: Dividends:		
Dividends	**-**	3,001
Corporate Dividend Tax on Dividend	**-**	611
	-	3,612
Balance as at the end of the year	**37,888**	37,894
Fair Value through Other Comprehensive Income [FVTOCI] Reserve: [#]		
Balance as per last Balance Sheet	**9**	
Add: Credited during the year	**1**	9
	10	9
Securities Premium Account		
Balance as per last Balance Sheet	**-**	-
Add: Transfer from Share Capital Suspense Account	**5,541**	-
Less: Transferred to General Reserve on issue of shares as per Scheme		-
	5,541	-
Share Capital Suspense Account		
Balance as per last Balance Sheet	**5,564**	47,100
Add: Transfer from Share Capital Suspense Account		
Less: Transferred to General Reserve on issue of shares as per Scheme	**-**	(41,322)
Less: Shares issued pursuant Scheme of Amalgamation	**(5,564)**	(214)
	-	5,564
Retained Earnings:		
Balance as per last Balance Sheet	**872**	(49)
Add: Profit for the year	**900**	1,008
	1,772	959
Less: Items of other Comprehensive income recognised directly in Retained Earnings:		
Re-measurement gains/ [losses] on defined benefit plans [net of tax]	**(20)**	(87)
Less: Dividends:		
Dividends	**51**	-
Corporate Dividend Tax on Dividend [Net of CDT Credit]	**10**	-
	61	-
Balance as at the end of the year	**1,691**	872
Total	**45,130**	44,339

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Notes to the Financial Statements

Note: 16-Other Equity-Continued:

[*] General Reserve can be used for the purposes and as per guidelines prescribed in the Companies Act, 2013.

[#] The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVTOCI reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Note: 17-Borrowings:

	INR- Millions			
	Non-current portion		**Current Maturities**	
	As at		**As at**	
	Mar 31, 2018	Mar 31, 2017	**Mar 31, 2018**	Mar 31, 2017
From Related Parties [Unsecured] [*]	**200**	200		
Total	**200**	200	-	-
[*] Details of Borrowings from Related Parties [Refer Note No. 38 A for relationship] are as under:				
a Dialforhealth India Limited	**200**	200		
Net amount	**200**	200	-	-

[*] Borrowings from Related Parties carry interest at SBI bank rate + 0.50% on quarterly basis and have tenure of 3 years from the expiry of original agreement with an option to the Company to prepay the loan at any time during the tenure of loan without any penalty.

	INR- Millions	
	As at	
	Mar 31, 2018	Mar 31, 2017
Note: 18-Other Financial Liabilities:		
Trade Deposits	**47**	45
8% Non-Cumulative Redeemable Preference Shares **[Refer Note No. 43]** [254,460 Shares of INR 100/- each]	-	25
Others	-	114
Total	**47**	184
Note: 19-Provisions:		
Provision for Employee Benefits	**595**	649
Total	**595**	649

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Note: 19-Provisions-Continued:

		INR- Millions As at					
		Mar 31, 2018			Mar 31, 2017		
		Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
H	**Principal actuarial assumptions for defined benefit plan and long term employment benefit plan:**						
	Discount rate [*]	**7.30%**	**7.30%**	**7.30%**	6.95%	6.95%	6.95%
	Annual increase in salary cost [#]	**12% for next three years and 9% thereafter**			12% for next four years and 10% thereafter		

[*] 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.

		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%**	**100.00%**	**98.00%**	0.00%	100.00%	95.00%
	Bank Balance	**0.00%**	**0.00%**	**2.00%**	0.00%	0.00%	5.00%

J Amount recognised in current and previous four years: [**]

	As at			
Gratuity:	**Mar 31, 2018**	**Mar 31, 2017**	**31-Mar-16**	**31-Mar-15**
Defined benefit obligation	**712**	634	60	-
Fair value of Plan Assets	**441**	391	49	-
Deficit/ (Surplus) in the plan	**271**	243	11	-
Actuarial Loss/ (Gain) on Plan Obligation	**13**	110	1	-
Actuarial Loss/ (Gain) on Plan Assets	**-**	(1)	-	-

The expected contributions for Defined Benefit Plan for the next financial year will be in line with FY 2017-18.

[*] Refer Note No. 43, 44 and 45

[**] Not applicable for previous years due to absence of the eligible employees.

Sensitivity analysis:

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

A Medical Leave:

	As at			
	Mar 31, 2018		Mar 31, 2017	
Assumption	**Discount rate**			
Sensitivity Level	**0.5% increase**	**0.5% decrease**	0.5% increase	0.5% decrease
Impact on defined benefit obligation	**(3)**	**4**	(3)	3
Assumption	**Annual increase in salary cost**			
Sensitivity Level	**0.5% increase**	**0.5% decrease**	0.5% increase	0.5% decrease
Impact on defined benefit obligation	**3**	**(3)**	3	(3)

B Leave Wages:

	As at			
	Mar 31, 2018		Mar 31, 2017	
Assumption	**Discount rate**			
Sensitivity Level	**0.5% increase**	**0.5% decrease**	0.5% increase	0.5% decrease
Impact on defined benefit obligation	**(12)**	**13**	(9)	9
Assumption	**Annual increase in salary cost**			
Sensitivity Level	**0.5% increase**	**0.5% decrease**	0.5% increase	0.5% decrease
Impact on defined benefit obligation	**12**	**(12)**	9	(9)

C Gratuity:

	As at			
	Mar 31, 2018		Mar 31, 2017	
Assumption	**Discount rate**			
Sensitivity Level	**0.5% increase**	**0.5% decrease**	0.5% increase	0.5% decrease
Impact on defined benefit obligation	**(21)**	**23**	(18)	20
Assumption	**Annual increase in salary cost**			
Sensitivity Level	**0.5% increase**	**0.5% decrease**	0.5% increase	0.5% decrease
Impact on defined benefit obligation	**22**	**(21)**	18	(17)

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

	INR-Millions As at	
	Mar 31, 2018	Mar 31, 2017
Within the next 12 months (next annual reporting period)	**202**	102
Between 2 and 5 years	**560**	292
Between 6 and 10 years	**506**	267
Total expected payments	**1,268**	661

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Note: 20-Deferred Tax:

A Break up of Deferred Tax Liabilities and Assets into major components of the respective balances are as under:

INR-Millions

	As at April 1 2016	Charge for the previous year	As at March 31 2017	Charge for the current year	**As at March 31 2018**
Deferred Tax Liabilities:					
Depreciation	1,932	2,087	4,019	1,290	**5,309**
	1,932	2,087	4,019	1,290	**5,309**
Deferred Tax Assets:					
Retirement benefits	11	236	247	15	**262**
Provision for Bad and Doubtful Debts	3	16	19	(2)	**17**
Provision for Expiry and Breakages	10	19	29	2	**31**
Unabsorbed depreciation	1,734	1,364	3,098	514	**3,612**
Others	7	(6)	1	4	**5**
Total	1,765	1,629	3,394	533	**3,927**
Net Deferred Tax Liabilities	167	458	625	757	**1,382**
MAT credit recognised in books					**(3,135)**
Net Deferred Tax Assets					**1,753**

B The Net Deferred Tax Liabilities of INR 757 [Previous Year: INR 458] Millions for the year has been provided in the Statement of Profit and Loss.

C The Company has tax losses which arose in India of Rs.10,336 Millions [PY :8,950 Millions] that are available for off setting against future taxable profits of the Company. Unabsorbed Depreciation is allowed to be set off for indefinite period. MAT Credit not recognised as at March 31, 2018 is Rs.1,141 Millions.

	INR- Millions As at **Mar 31, 2018**	Mar 31, 2017
Note: 21-Trade Payables:		
Micro, Small and Medium Enterprises [*]	**52**	40
Others	**4,637**	4,142
Total	**4,689**	4,182
[*] Disclosure in respect of Micro, Small and Medium Enterprises:		
A Principal amount remaining unpaid to any supplier as at year end	**52**	40
B Interest due thereon	**2**	3
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	**2**	3
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: 22-Other Financial Liabilities:		
Bank Book Overdraft	**291**	335
Accrued Expenses	**544**	354
Payable for Capital Goods	**103**	147
Total	**938**	836
Note: 23-Other Current Liabilities:		
Advances from customers	**42**	37
Payable to Statutory Authorities	**173**	212
Others		6
Total	**215**	255

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	INR- Millions	
	As at	
	Mar 31, 2018	Mar 31, 2017
Note: 24-Provisions:		
Provision for Employee Benefits [Refer Noteno.: 19]	**148**	27
Provision for claims for product expiry and return of goods [*]	**86**	84
Total	**234**	111
[*] Provision for claims for product expiry and return of goods:		
a Provision for product expiry claims in respect of products sold during the year is made based on the management's estimates considering the estimated stock lying with retailers. The Company does not expect such claims to be reimbursed by any other party in future.		
b The movement in such provision is stated as under:		
i Carrying amount at the beginning of the year	**84**	52
ii Acquired under the Scheme [Refer Note No. 43, 44 and 45]	-	40
iii Additional provision made during the year	**86**	44
iv Amount used	**84**	52
v Carrying amount at the end of the year	**86**	84
Note: 25-Current Tax Liabilities [Net]:		
Provision for Taxation [Net of advance payment of tax of INR 654 (as at March 31, 2017: INR 1,243) Millions]	**184**	65
Total	**184**	65
Note: 26-Contingent Liabilities and Commitments [to the extent not provided for]:		
A Contingent Liabilities:		
a Claims against the Company not acknowledged as debts	**29**	25
- Net of advance of [Rs. 84,931]	**0**	-
- Includes in respect of Amalgamated [*] Companies	-	25
b Other money for which the company is contingently liable:		
i In respect of the demands raised by the Central Excise, State Excise & Service Tax Authority	**629**	461
- Net of advance of	**40**	25
- Includes in respect of Amalgamated [*] Companies	-	461
ii In respect of the demands raised by the Ministry of Chemicals & Fertilizers, Govt. of India under Drug Price Control Order, 1979/ 1995 for difference in actual price and price of respective bulk drug allowed while fixing the price of certain formulations and disputed by the Company, which the Company expect to succeed based on the legal advice	-	169
- Net of advance of	-	121
- Includes in respect of Amalgamated [*] Companies	-	169
iii In respect of Income Tax matters pending before appellate authorities which the Company expects to succeed, based on decisions of Tribunals/ Courts [Rs. 3,80,890]	**0**	19
- Net of advance of [Rs. 3,80,890]	**0**	1
- Includes in respect of Amalgamated [*] Companies	-	19
iv In respect of Sales Tax matters pending before appellate authorities/ Court which the Company expects to succeed, based on decisions of Tribunals/ Courts	**30**	2
- Net of advance of	-	-
- Includes in respect of Amalgamated [*] Companies	-	2
v The Company has imported certain capital equipment at concessional rate of custom duty under "Export promotion of Capital Goods Scheme" of the Central Government. The Company has undertaken an incremental export obligation to the		
- extent of US $ Millions	**2**	1
- equivalent to INR Millions approx.	**112**	82
to be fulfilled during a specified period as applicable from the date of imports. The unprovided liability towards custom duty payable thereon in respect of unfulfilled export obligations	**106**	14
B Commitments:		
a Estimated amount of contracts remaining to be executed on capital account and not provided for	**33**	431
- Net of advance of	**6**	113

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Note: 19-Provisions-Continued:

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.

The plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary increment risk.

	INR- Millions					
	As at					
	Mar 31, 2018			Mar 31, 2017		
	Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
B Change in the present value of the defined benefit obligation:						
Opening defined benefit obligation	71	359	634	-	30	60
Acquired under the Scheme [*]				50	261	421
Interest cost	5	19	44	4	20	35
Current service cost	3	28	57	2	110	54
Benefits paid		(32)	(36)	-	(8)	(46)
Actuarial losses on obligation	6	77	13	11	(54)	110
Closing defined benefit obligation	85	451	712	67	359	634
C Change in the fair value of plan assets:						
Opening fair value of plan assets	-	65	391			49
Acquired under the Scheme [*]					61	297
Expected return on plan assets		5	27		7	26
Return of plan assets excluding amounts included in interest income		(4)	(17)		(3)	(1)
Contributions by employer			76		-	66
Benefits paid		(0)	(36)		0	(46)
Closing fair value of plan assets	-	65	441	-	65	391
Total actuarial [losses]/ gains to be recognised	(6)	(77)	(13)	(11)	(51)	(110)
D Actual return on plan assets:						
Expected return on plan assets	-	5	27	-	7	26
Actuarial [losses]/ gains on plan assets	-	-	-	-	(3)	(1)
Actual return on plan assets	-	5	27	-	4	25
E Amount recognised in the balance sheet:						
Liabilities/ [Assets] at the end of the year	85	451	712	67	359	634
Fair value of plan assets at the end of the year	-	(65)	(441)	-	(65)	(391)
Difference	85	386	271	67	294	243
Liabilities/ [Assets] recognised in the Balance Sheet	85	386	271	67	294	243
F Expenses/ [Incomes] recognised in the Statement of Profit and Loss:						
Current service cost	3	28	57	2	110	54
Interest cost on benefit obligation	5	19	44	4	20	35
Expected return on plan assets	-	(5)	(27)	-	(7)	(26)
Return of plan assets excluding amounts included in interest income		4			3	(1)
Net actuarial [gains]/ losses in the year	6	77		11	(51)	
Amount Included in "Employee Benefit E	14	124	74	17	75	62
Return of plan assets excluding amounts included in interest income			17			1
Net actuarial [gains]/ losses in the year			14			110
Amounts recognized in OCI	-	-	31	-	-	111
G Movement in net liabilities recognised in Balance Sheet:						
Opening net liabilities	67	294	243	-	30	11
Acquired under the Scheme [*]				50	261	421
Expenses as above [P & L Charge]	14	124	74	17	69	62
Employer's contribution	-	-	-77	-	(58)	(205)
Amount recognised in OCI	-	-	31	-	-	-
Benefits Paid	-	(32)	-	-	(8)	(46)
Liabilities/ [Assets] recognised in the Balance Sheet	81	386	271	67	294	243

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	INR- Millions	
	Year ended	
	Mar 31, 2018	Mar 31, 2017
Note: 27-Revenue from Operations:		
Sale of Products	**29,928**	29,242
Other Operating Revenues:		
Export Incentives	**1**	9
Net Gain on foreign currency transactions and translation [*]	**9**	1
Miscellaneous Income	**50**	62
	60	72
Total	**29,988**	29,314
[*] includes research related Net Loss on foreign currency transactions and translation		
Note: 28-Other Income:		
Finance Income:		
Interest Income	**92**	27
Dividend Income:		
From FVTOCI Investments	**2**	0
	2	0
Gain on Investments mandatorily measured at FVTPL	**33**	-
Net Gain on Assets [Rs. 1,63,858]	**0**	-
Total	**127**	27
Note: 29-Cost of Materials Consumed:		
Raw Materials [Pharmaceutical Ingredients]:		
Stock at commencement	**642**	385
Add: Purchases	**3,804**	4,306
	4,446	4,691
Less: Stock at close	**1,265**	642
	3,181	4,049
Packing Materials consumed	**922**	1,405
Total	**4,103**	5,454
Note: 30-Purchases of Stock-in-Trade:		
Purchases of Stock-in-Trade	**7,268**	5,221
Total	**7,268**	5,221
Note: 31-Changes in Inventories:		
Stock at commencement:		
Work-in-progress	**59**	18
Finished Goods	**1,312**	705
Stock-in-Trade	**999**	46
	2,370	769
Stock acquired under the Scheme: **[Refer Note No. 43, 44 and 45]**		
Work-in-progress	**-**	8
Finished Goods	**-**	589
Stock-in-Trade	**-**	578
		1,175
Less: Stock at close:		
Work-in-progress	**102**	59
Finished Goods	**1,327**	1,312
Stock-in-Trade	**782**	999
	2,211	2,370
	159	(426)
Differential Excise Duty on Opening and Closing stock of Finished Goods	**-**	4
Total	**159**	(422)

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	INR- Millions	
	Year ended	
	Mar 31, 2018	Mar 31, 2017
Note: 32-Employee Benefits Expense:		
Salaries and wages	**4,454**	4,112
Contribution to provident and other funds [*]	**306**	210
Staff welfare expenses	**51**	55
Total	**4,811**	4,377
Above expenses includes Research related expenses as follows:		
Salaries and wages	**34**	60
Contribution to provident and other funds	**3**	4
Staff welfare expenses	**2**	4
Total	**39**	68
[*] The Company's contribution towards defined contribution plan	**203**	175
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: 33-Finance Cost:		
Interest expense [*]	**27**	310
Bank commission & charges	**6**	9
Total	**33**	319
[*] The break up of interest expense into major heads is given below:		
On term loans	**19**	19
On working capital loans	**0**	267
Others	**8**	24
Total	**27**	310
Note: 34-Other Expenses:		
Research Materials	**23**	23
Analytical Expenses	**3**	16
Consumption of Stores and spare parts	**220**	396
Power & fuel	**296**	355
Rent [*]	**72**	72
Repairs to Buildings	**22**	15
Repairs to Plant and Machinery	**48**	68
Repairs to Others	**16**	19
Insurance	**91**	75
Rates and Taxes [excluding taxes on income]	**14**	28
Processing Charges	**234**	455
Commission to Directors	**1**	1
Traveling Expenses	**489**	513
Legal and Professional Fees [**]	**132**	376
Net Loss on foreign currency transactions and translation		
Commission on sales	**309**	337
Freight and forwarding on sales	**228**	209
Representative Allowances	**826**	691
Royalty Expenses	**133**	166
Other marketing expenses	**2,138**	1,910
Bad Debts:		
Bad debts written off	**6**	2
Impairment allowances	**(7)**	34
	(1)	36
Less: Transferred from impairment allowances		(2)
	(1)	34
Doubtful Advances:		
Doubtful advances written off	**-**	-
Impairment allowances	**1**	
	1	-
Directors' fees	**2**	3
Net Loss on disposal of Property, Plant and Equipment [Net of gain of INR 0 {Previous Year: INR 2} Millions]	**1**	2
Donations [***]	**11**	1
Miscellaneous Expenses [#]	**562**	527
Total	**5,871**	6,292

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	INR- Millions	
	Year ended	
	Mar 31, 2018	Mar 31, 2017
Note: 34-Other Expenses-Continued:		
Above expenses includes Research related expenses as follows:		
Research Materials	23	23
Analytical expenses	3	8
Consumption of Stores and spare parts	47	89
Rent	14	-
Power & Fuel	6	8
Repairs to Buildings	1	1
Repairs to Plant and Machinery	0	-
Repairs to Others	0	2
Insurance	-	1
Traveling Expenses	1	5
Legal and Professional fees	3	-
Net Loss on foreign currency transactions and translation	0	-
Loss on disposal of Fixed Assets	-	-
Miscellaneous Expenses [excluding Depreciation of INR 17 {Previous Year 15} Millions]	12	71
Total	110	208
[*] The Company has taken various residential/ office premises/ godowns under operating lease or leave and license agreement with no restrictions and are renewable/ cancellable at the option of either of the parties. There are no sub-leases. The lease payments recognised under "Rent Expenses" are:	72	72
[**] Legal and Professional Fees include:		
Payment to the Statutory Auditors [excluding Service Tax]:		
i - As Auditor	2	4
- For Other Services [Rs. 2,00,000]	0	-
- Total	2	4
[***] Donations include political donations pursuant to Section 182 (3) of the Companies Act, 2013 to:		
a Gujarat Pradesh Congress Committee	5	-
[#] Miscellaneous Expenses include:		
a Expenditure on Corporate Social Responsibility [CSR] Activities as required u/s 135 of the Companies Act, 2013	16	6
Note: 35-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	454	419
Adjustments in respect of current income tax of previous year	(46)	
	408	419
Deferred tax:		
Relating to origination and reversal of temporary differences [Refer Note-20]	757	458
Tax expense reported in the statement of profit and loss	1,165	877
OCI Section:		
Tax related to items recognised in OCI during in the year:		
Net loss/ (gain) on remeasurements of defined benefit plans	(11)	(24)
Tax charged to OCI	(11)	(24)
B Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate:		
Profit before tax	2,065	1,885
Enacted Tax Rate (%) of the Country	34.61%	34.61%
Expected Tax Expenses	715	652
Adjustments for:		
Tax effect due to non-taxable income for tax purposes	(3)	-
Effect of unrecognized deferred tax assets/ liabilities	(12)	(181)
Effect of non-deductible expenses	93	78
Effect of additional deductions in taxable income	(31)	(91)
Rate difference due to provision as per Minimum Alternate Tax [MAT]	432	419
Others (including Prior Period Tax Adjustment)	(29)	-
Total	450	225
Tax Expenses as per Statement of Profit and Loss	1,165	877

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Note: 36-Calculation of Earnings per Equity Share [EPS]:

The numerators and denominators used to calculate the basic and diluted EPS are as follows:

A	Profit for the year	INR-Millions	**900**	1,008
B	Less: Preference Dividend (including CDT)	INR-Millions	**(1,195)**	(61)
C	Profit attributable to Equity Share Holders	INR-Millions	**(295)**	947
D	Basic and weighted average number of Equity shares outstanding during the year	Numbers	**2,161,742**	1,938,242
E	Effect of dilution - Optionally Convertible Preference Shares	Numbers	**496,586**	72,692
F	Weighted average number of Equity Shares outstanding during the year	Numbers	**2,658,328**	2,161,742
G	Nominal value of equity share	INR	**100**	100
H	Basic & Diluted EPS	INR	**(136.31)**	437.92

Note: 37-Segment Information:

The Chief Operating Decision Maker reviews the Company as a single segment, name by "Pharmaceuticals". Therefore, the segment reporting is not applicable in accordance with the provisions of Ind AS 108.

Note: 38-Related Party Transactions:

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

a Holding Company: Cadila Healthcare Limited

b Subsidiary Companies/ concerns: Acme Pharmaceuticals Private Limited
Violio Healthcare Limited

c Fellow Subsidiary Companies/ concerns:

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

d Joint Venture Companies of Holding Company:

Zydus Hospira Oncology Private Limited
Zydus Takeda Healthcare Private Limited
Bayer Zydus Pharma Private Limited

e Directors:

Dr. Sharvil P. Patel	Chairman
Mr. Anil Matai	Managing Director
Mr. Nitin D. Parekh	Non-Executive Director
Mr. Deevyesh J. Radia	Independent Director
Dr. Bhavana S. Doshi	Independent Director
Dharmistha N Raval	Independent Director

f Enterprises significantly influenced by Directors and their relatives of company and its Holding Company

Cadmach Machinery Company Private Limited
M/s. Zydus Hospital LLP
M/s. Zandra Herbs and Plantations LLP
Zydus Infrastructure Private Limited
Zydus Hospitals and Healthcare Research Private Limited
Zydus Hospitals (Vadodara) Private Limited
Zydus Hospitals (Rajkot) Private Limited
Cadila Laboratories Private Limited
Western Ahmedabad Effluent Conveyance Company Private Limited
Pripan Investment Private Limited
United Networks Private Limited
M/s. C. M. C. Machinery
M/s. Zandra Infrastructure LLP
Futura Services Private Limited

g Key Management Personnel:

Mr. Anil Matai	Managing Director
Mr. P A Padmanabhan	Chief Financial Officer [Executive Officer]
Mr. Sanjay Kumar Gupta	Company Secretary [Executive Officer]

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 Note 38-A [a, b, c, d & f]

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Note: 38-Related Party Transactions-Continued:

Nature of Transactions	Holding Company Subsidiary Companies		Joint Venture Companies of Holding Company		Enterprises significantly influenced by Directors and/ or their relatives	
	Value of the Transactions [INR-Millions] Year ended					
	Mar 31, 2018	Mar 31, 2017	**Mar 31, 2018**	Mar 31, 2017	**Mar 31, 2018**	Mar 31, 2017
Purchases:						
Goods:						
Cadila Healthcare Limited	**3,736**	449				
Zydus Wellness - Sikkim	**8**	-				
Total	**3,744**	449	-	-	-	-
Fixed Assets:						
Cadila Healthcare Limited	**4**	30				
Cadmach Machinery Company Private Limited					**82**	50
Total	**4**	30	-	-	**82**	50
Reimbursement of Expenses paid:						
Cadila Healthcare Limited	**13**	1				
Zydus Wellness Limited	**0**					
Laboratorios Combix S.L.	**0**					
Total	**13**	1	-	-	-	-
Services:						
Cadila Healthcare Limited	**48**	67				
Sales:						
Goods:						
Cadila Healthcare Limited	**918**	252				
Bayer Zydus Pharma Private Limited			**45**	59		
Zydus Hospitals and Healthcare Research Private Limited					**5**	-
Total	**918**	252	**45**	59	**5**	-
Finance:						
Dividend paid:						
Cadila Healthcare Limited	**51**	3,003				
Interest paid:						
Cadila Healthcare Limited	-	267				
Dialforhealth India Limited	**19**	20				
Total	**19**	287	-	-	-	-
Interest Received:						
Acme Pharmaceuticals Pvt. Ltd.	**0**					
Inter Corporate Loans Given:						
Acme Pharmaceuticals Pvt. Ltd.	**50**	-				
Business Purchase: [*]						
Purchase Consideration:						
Cadila Healthcare Limited	-	693				
Acme Pharmaceuticals Pvt. Ltd.	**18**	-				
	18	693	-	-	-	-
Outstanding:						
Payable:						
Cadila Healthcare Limited	-	1,099				
Cadmach Machinery Company Private Limited					**0**	-
Receivable:						
Bayer Zydus Pharma Private Limited			**5**	17		
Cadila Healthcare Limited	**1,980**	2,086				
Acme Pharmaceuticals Pvt. Ltd.	**105**	-				
Zydus Hospitals and Healthcare Research Private Limited					**2**	-
	2,085	-				
Loan payable:						
Dialforhealth India Limited	**200**	200				

c Details relating to persons referred to in Note 38-A [e & g] above:

	INR- Millions Year ended	
	Mar 31, 2018	Mar 31, 2017
(i) Salaries and other employee benefits to Managing Director and other executive officers	**62**	27
(ii) Commission and Sitting Fees to Non Executive/ Independent Directors	**3**	3
(iii) Outstanding payable to above (i) and (ii)	-	-

Note: 39-Details of Loans given, Investments made and guarantee given covered u/s 186(4) of the Companies Act, 2013:

A Details of loans and investments are given under the respective heads.

B Loan given by the Company:

	INR-Millions	
	As at	
	Mar 31, 2018	Mar 31, 2017
Subsidiary Company:		
a Acme Pharmaceuticals Private Limited	100	-
Total	**100**	-

Note: 40-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 relying 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.

B Financial assets and liabilities measured at fair value - recurring fair value measurements:

	As at			
	Mar 31, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL:				
Mutual funds	1,007			1,007
Financial Investments at FVOCI:				
Quoted equity instruments	19			19
Total financial assets	1,026	-	-	1,026
Financial liabilities	-	-	-	-

	Mar 31, 2017			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL:				
Mutual funds	-			-
Financial Investments at FVOCI:				
Quoted equity instruments	18			18
Total financial assets	18	-	-	18
Financial liabilities	-	-	-	-

Financial Assets:

The carrying amounts of trade receivables, loans and advances to related parties and other financial assets , 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.

Fair values of investment in preference shares were calculated based on cash flows discounted using the applicable adjusted market interest rates.

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Note: 41-Financial Risk Management:

A Financial instruments by category:

	INR- Millions			
	As at Mar 31, 2018			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Investments:				
Equity instruments [other than investment in Equity of Subsidiaries]		19		19
Mutual funds	1,007			1,007
Non Current Loans			100	100
Non Current Other Financial Assets			194	194
Trade receivables			3,015	3,015
Cash and Cash Equivalents			4,326	4,326
Other Current Financial Assets			16	16
Total	1,007	19	7,651	8,677
Financial liabilities:				
Borrowings [including current maturities and interest accrued but not due]			200	200
Trade payables			4,689	4,689
Non Current Other Financial Liabilities			47	47
Other Current Financial Liabilities			938	938
Total	-	-	5,874	5,874

	INR- Millions			
	As at Mar 31, 2017			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Investments:				
Equity instruments [other than investment in Equity of Subsidiaries]		18		18
Non Current Other Financial Assets			260	260
Trade receivables			2,665	2,665
Cash and Cash Equivalents			204	204
Total	-	18	3,129	3,147
Financial liabilities:				
Borrowings [including current maturities and interest accrued but not due]			200	200
Trade payables			4,182	4,182
Non Current Other Financial Liabilities			184	184
Other Current Financial Liabilities			836	836
Total	-	-	5,402	5,402

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 done in close co-ordination 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. Long-term financial investments are managed to generate lasting returns. 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 investment in, loans and advances to related parties, trade receivables, bank deposits 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 bad debts and ageing of accounts receivable. Individual customer limits are set accordingly.

i **Investments at Amortised Cost** : They are strategic investments in the normal course of business of the company.

ii **Bank deposits** : The Company maintains its Cash and cash equivalents and Bank deposits with reputed and highly rated banks. Hence, there is no significant credit risk on such deposits.

iii **Trade Receivable:** The Company trades with recognized and credit worthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Company's exposure to bad debts is not significant.

iv There are no significant credit risks with related parties of the Company. The Company is exposed to credit risk in the event of non-payment by customers. Credit risk concentration with respect to trade receivables is mitigated by the Company's large customer base. Adequate expected credit losses are recognized as per the assessments.

The history of trade receivables shows an allowance for bad and doubtful debts of INR 48 Millions as at March 31, 2018 [INR 53 Millions as at March 31, 2017]. against trade receivables of INR 3,063 Millions [Previous year - INR 2,718 Millions].

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Note: 41-Financial Risk Management:-Continued:

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. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

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 it operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

c **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.

	INR- Millions				
	< 1 year	**1-2 year**	**2-3 year**	**> 3 years**	**Total**
	Mar 31, 2018				
Non-derivative Financial Liabilities:					
Borrowings [including current maturities and interest	19	-	-	200	**219**
Other non current financial liabilities	-	-	-	47	**47**
Trade payable	4,689	-	-	-	**4,689**
Other Current Financial Liabilities	938	-	-	-	**938**
Total	**5,646**	**-**	**-**	**247**	**5,893**
	Mar 31, 2017				
Non-derivative Financial Liabilities:					
Borrowings [including current maturities and interest	22	-	-	200	**222**
Other non current financial liabilities		-	-	184	**184**
Trade payable	4,182	-	-	-	**4,182**
Other Current Financial Liabilities	836	-	-	-	**836**
Total	**5,040**	**-**	**-**	**384**	**5,424**

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. The Company's operations in foreign currency creates natural foreign currency hedge. This results in insignificant net open foreign currency exposures considering the volumes and operations of the Company.

Sensitivity:

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

	INR- Millions					
	Mar 31, 2018			**Mar 31, 2017**		
	Movement in Rate	**Impact on PAT [*]**	**Impact on Other Equity [*]**	**Movement in Rate**	**Impact on PAT [*]**	**Impact on Other Equity [*]**
USD	4.00%	0	0	4.00%	0	0
USD	-4.00%	(0)	(0)	-4.00%	(0)	(0)
EUR	7.00%	0	0	12.00%	-	-
EUR	-7.00%	(0)	(0)	-12.00%	-	-
Others	5.00%	0	0	5.00%	0	0
Others	-5.00%	(0)	(0)	-5.00%	(0)	(0)

* Holding all other variables constant

Note: 41-Financial Risk Management:-Continued:

d Interest rate risk:

Liabilities:

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at March 31, 2018, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Company's investments in Fixed Deposits are at fixed interest rates.

Sensitivity *:

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

	Movement in Rate	INR- Millions	
		As at	
		Mar 31, 2018	Mar 31, 2017
Interest rates	+0.50%	**1**	1
Interest rates	-0.50%	**(1)**	(1)

* Holding all other variables constant

e Price risk:

Exposure:

The Company's exposure to price risk arises from investments in equity and mutual fund held by the Company and classified in the balance sheet as fair value through OCI and at fair value through profit or loss respectively. To manage its price risk arising from investments in equity securities and mutual fund, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

Sensitivity *:

The table below summarises the impact of increases/decreases of the index on the Company's equity and profit for the period.

	Movement in Rate	INR- Millions			
		Mar 31, 2018		Mar 31, 2017	
		Impact on PAT	Impact on Other Equity	Impact on PAT	Impact on Other Equity
Equity Instruments [Quoted]					
Increase	+10.00%	-	2	-	2
Decrease	-10.00%	-	(2)	-	(2)
Mutual Funds [Quoted]					
Increase	+2.00%	20	17	-	-
Decrease	-2.00%	(20)	(17)	-	-

* Holding all other variables constant

Note: 42-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.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

	INR- Millions	
	As at	
	Mar 31, 2018	Mar 31, 2017
Net debts	**200**	200
Total equity	**57,712**	56,898
Net debt to equity ratio	**0.00**	0.00

Note: 43:

Pursuant to the Scheme of Amalgamation u/s. 391 to 394 of the Companies Act, 1956 ("the Scheme") for amalgamation of Zydus Healthcare Limited ("ZHL") with German Remedies Limited ("the Company"), as sanctioned by the Hon'ble High Court of Gujarat vide its order dated March 23, 2016 (Effective date), all the assets and liabilities of ZHL were transferred to and vested in the Company with effect from February 2, 2016 (Appointed date). As per the Scheme, the amalgamation had been accounted for under the "Purchase Method" as prescribed under Accounting Standard 14 - "Accounting for Amalgamations" (AS 14) and resulting goodwill of Rs. 41,149 Million, is being amortized over a period of 10 years. The accounting treatment provided in the Scheme prevails over the requirements of Ind AS in accordance with the Ministry of Corporate Affairs notification for Ind AS dated February 16, 2015.

Note: 44:

Pursuant to the Scheme of Amalgamation u/s. 230 to 232 of the Companies Act, 2013 ("the Scheme-1") for amalgamation of Biochem Pharmaceutical Industries Limited ("Biochem"), with Zydus Healthcare Limited ("the Company"), as sanctioned by the Hon'ble National Company Law Tribunal, Ahmedabad Bench ("NCLT") vide its order dated March 15, 2017 (Effective date), all the assets and liabilities of Biochem were transferred to and vested in the Company with effect from March 31, 2016 (Appointed date). As per the Scheme-1, the amalgamation had been accounted for under the "Purchase Method" as prescribed under Accounting Standard 14 - "Accounting for Amalgamations" (AS 14) and resulting goodwill of Rs. 4,859 Million, is being amortized over a period of 10 years. The accounting treatment provided in the Scheme-1 prevails over the requirements of Ind AS in accordance with the Ministry of Corporate Affairs notification for Ind AS dated February 16, 2015.

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Note: 45:

Pursuant to the Scheme of Arrangement u/s 230 to 232 of the Companies Act, 2013 between Zydus Healthcare Limited ['the Company'], Cadila Healthcare Ltd., the holding company of the Company ['CHL'] and their respective shareholders and creditors as sanctioned by the Hon'ble National Company Law Tribunal, Ahmedabad Bench ['NCLT'] vide its order dated May 18, 2017['Scheme-2'], the India Human Formulations Undertaking ['IHFU'] of CHL comprising of all the businesses, undertakings, activities, properties and liabilities as specified in the Scheme-2 pertaining to the India Human Formulations Business of CHL was transferred to and vested in the Company on a going concern basis by way of a Slump Sale for a lump sum cash consideration with effect from April 1, 2016, the appointed date. The certified true copy of the order was filed with the Registrar of Companies, Gujarat at Ahmedabad on May 19, 2017 making Scheme – 2 effective.

The Scheme 2 has been accounted for using the "Pooling of Interest Method" as prescribed in Appendix C to Ind AS 103 ["Business combinations"], as notified under the Companies [Indian Accounting Standards] Rules, 2015. Accordingly in compliance of the Scheme-2, the Company has recorded all the assets and liabilities transferred as a part of the IHFU from CHL at their respective book values appearing in the books of CHL as on the close of business hours on March 31, 2016, being the date immediately preceding the appointed date. The financial statement of the previous financial year includes the figures pertaining to the IHFU of CHL. The outstanding receivables and payables from CHL, due to implementation of the Scheme 2, are included in the respective balances in Note 12.

Note: 46:

Pursuant to the agreement between Zydus Healthcare Limited ['the Company'] and Acme Pharmaceuticals Private Limited ['Acme'] dated 29th March, 2018 ['Effective Date'], the Company has acquired 100% of equity shares of Acme.

Note: 47: Dividends proposed to be distributed:

The Board of Directors, at its meeting held on May 22, 2018, recommended the final dividend of INR 1,075 per equity share of INR 100/- each. The Board of Directors has also recommended dividend of Rs. 8 per share to 8% Optionally Convertible Preference Shares for the year and Rs. 8 per share to 8% Non Cumulative redemable preference shares for the period beginning from 1st April, 2017 to 15th February, 2018. The recommended dividend is subject to the approval of the shareholders at the ensuing Annual General Meeting.

Note: 48:

The Company has obtained exemption u/s 129(3) of Companies Act, 2016 as its holding company Cadila Healthcare Limited is presenting consolidated financial statements which is available for review on its website.

Note: 49:

Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classifications/ disclosure.

Signatures to Significant Accounting Policies and Notes 1 to 49 to the Financial Statements

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number: 117366W/ W-100018

For and on behalf of the Board

Dr. Sharvil P. Patel
Chairman

Gaurav J. Shah
Partner
Membership Number: 035701
Mumbai, Dated: 22nd May, 2018

P A Padmanabhan
Chief Financial Officer

Sanjay D Gupta
Company Secretary

Anil Matai
Managing Director